

# **ANNUAL FINANCIAL REPORT**

## **GRAINGER COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2017**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**GRAINGER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
***JAMES R. ARNETTE***  
***Director***

***MARK TREECE, CPA, CGFM***  
***Audit Manager***

***AMY SOSVILLE, CPA***  
***Auditor 4***

***VERNA DAVIS***  
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***ISABELLA DANIELS***  
***GREG BRUSH, CISA***  
***State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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# ***Summary of Audit Findings***

Annual Financial Report  
Grainger County, Tennessee  
For the Year Ended June 30, 2017

## ***Scope***

We have audited the basic financial statements of Grainger County as of and for the year ended June 30, 2017.

## ***Results***

Our report on Grainger County's financial statements is unmodified.

Our audit resulted in six findings and recommendations, which we have reviewed with Grainger County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ Competitive bids were not solicited for the purchase of used ambulances.
- 

### **OFFICE OF ROAD SUPERINTENDENT**

- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the highway/public works fund.
- 

### **OFFICE OF ASSESSOR OF PROPERTY**

- ◆ The assessor did not adequately perform visual inspections.
- ◆ The assessor did not adequately maintain assessment maps.
- ◆ New owners of use value properties were not required to file a new application for agricultural property, forest property, or designated open space usage.
- ◆ The assessor did not properly prorate improvements and new construction.

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# INTRODUCTORY SECTION

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## Grainger County Officials

### June 30, 2017

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#### **Officials**

Mark Hipsher, County Mayor  
Jim Renfro, Road Superintendent  
Edwin Jarnagin, Director of Schools  
Rena Greer, Trustee  
Johnny Morgan, Assessor of Property  
Angie Lamb, County Clerk  
Sherry Clifton, Circuit and General Sessions Courts Clerk  
Vickie Greenlee, Clerk and Master  
Rick Diamond, Register of Deeds  
James Harville, Sheriff

#### **Board of County Commissioners**

Johnny Baker, Chairman  
James Acuff  
Andy Cameron  
David Collins  
Gary Wayne Dalton  
Mike Holt  
Larry Johnson  
Rebecca Johnson

Wendy Noe  
Rodney Overbay  
Darell Stratton  
Luke Stratton  
Elizabeth White  
Darrell Williams  
Scott Wynn

#### **Board of Education**

Harold Frazier, Chairman  
Donnie Kitts  
Marcus Long  
Steve Hodge  
Coy McDaniel

Karen McNish  
Gary Staley  
Norma Tate  
Larry Turley  
Derek Williams

#### **Audit Committee**

Andy Cameron, Chairman  
David Collins  
Rebecca Johnson  
Wendy Noe  
Darrell Williams



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## Independent Auditor's Report

Grainger County Mayor and  
Board of County Commissioners  
Grainger County, Tennessee

To the County Mayor and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability,

and schedule of funding progress - other postemployment benefits plan on pages 81-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grainger County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

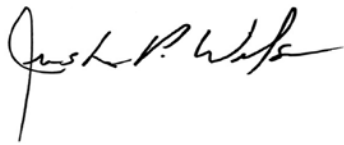
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2017, on our consideration of Grainger County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grainger County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grainger County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 12, 2017

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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## Exhibit A

Grainger County, Tennessee  
Statement of Net Position  
June 30, 2017

	Primary Governmental Activities	Component Unit Grainger County School Department
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 71,524	\$ 764,137
Equity in Pooled Cash and Investments	4,861,487	9,883,665
Accounts Receivable	289,718	115,802
Allowance for Uncollectible Accounts Receivable	(137,996)	0
Due from Other Governments	545,413	888,362
Property Taxes Receivable	6,803,936	2,743,167
Allowance for Uncollectible Property Taxes	(206,483)	(93,941)
Net Pension Asset - Agent Plan	347,077	292,932
Net Pension Asset - Teacher Retirement Plan	0	13,048
Capital Assets:		
Assets Not Depreciated:		
Land	1,739,753	1,117,547
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,732,205	32,867,891
Other Capital Assets	1,092,646	1,996,846
Infrastructure	1,604,197	0
Total Assets	<u>\$ 24,743,477</u>	<u>\$ 50,589,456</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 829,101	\$ 0
Pension Changes in Experience	73,380	149,065
Pension Changes in Investment Earnings	406,932	2,623,763
Pension Contributions After Measurement Date	409,910	1,489,535
Pension Other Deferrals	0	215,297
Total Deferred Outflows of Resources	<u>\$ 1,719,323</u>	<u>\$ 4,477,660</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 126,626	\$ 358,854
Accrued Payroll	0	122,224
Payroll Deductions Payable	59	20,353
Contracts Payable	28,356	0
Due to State of Tennessee	21,483	0
Accrued Interest Payable	77,350	0
Other Current Liabilities	312	763,996
Noncurrent Liabilities:		
Due Within One Year	1,899,150	11,800
Due in More than One Year	22,390,579	7,687,521
Total Liabilities	<u>\$ 24,543,915</u>	<u>\$ 8,964,748</u>

(Continued)

Exhibit A

Grainger County, Tennessee  
Statement of Net Position (Cont.)

	Primary Government Governmental Activities	Component Unit Grainger County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 6,382,654	\$ 2,560,344
Pension Changes in Experience	158,073	2,605,210
Pension Other Deferrals	0	257
Total Deferred Inflows of Resources	<u>\$ 6,540,727</u>	<u>\$ 5,165,811</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 8,365,029	\$ 35,982,284
Restricted for:		
General Government	41,778	0
Finance	120,853	0
Administration of Justice	76,060	0
Public Safety	92,824	0
Public Health and Welfare	37,207	0
Social, Cultural, and Recreational Services	91,684	0
Other	74,022	0
Highways/Public Works	550,809	0
Education	0	719,716
Capital Projects	0	18,966
Pensions	347,077	305,980
Unrestricted	<u>(14,419,185)</u>	<u>3,909,611</u>
Total Net Position	<u>\$ (4,621,842)</u>	<u>\$ 40,936,557</u>

The notes to the financial statements are an integral part of this statement.



Exhibit B

Grainger County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2017

						Net (Expense) Revenue and Changes in Net Position	
							Component Unit
						Primary	Grainger
						Government	County
						Governmental	School
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Activities	Department
Primary Government:							
Governmental Activities:							
General Government	\$ 1,579,147	\$ 233,141	\$ 62,464	\$ 0	\$	(1,283,542)	\$ 0
Finance	686,783	516,272	0	0		(170,511)	0
Administration of Justice	779,912	330,887	22,770	0		(426,255)	0
Public Safety	3,340,521	469,512	91,242	0		(2,779,767)	0
Public Health and Welfare	2,378,573	889,603	49,619	7,564		(1,431,787)	0
Social, Cultural, and Recreational Services	359,384	33,170	16,732	0		(309,482)	0
Agriculture and Natural Resources	141,799	0	929	0		(140,870)	0
Highways	2,797,749	0	1,607,296	489,182		(701,271)	0
Debt Service:							
Interest	629,994	0	0	0		(629,994)	0
Total Primary Government	<u>\$ 12,693,862</u>	<u>\$ 2,472,585</u>	<u>\$ 1,851,052</u>	<u>\$ 496,746</u>	<u>\$</u>	<u>(7,873,479)</u>	<u>\$ 0</u>
Component Unit:							
Grainger County School Department	<u>\$ 30,593,121</u>	<u>\$ 465,567</u>	<u>\$ 4,706,464</u>	<u>\$ 128,144</u>	<u>\$</u>	<u>0</u>	<u>\$ (25,292,946)</u>
Total Component Unit	<u>\$ 30,593,121</u>	<u>\$ 465,567</u>	<u>\$ 4,706,464</u>	<u>\$ 128,144</u>	<u>\$</u>	<u>0</u>	<u>\$ (25,292,946)</u>

(Continued)

Exhibit B

Grainger County, Tennessee  
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position	
						Component Unit
					Primary	Grainger
					Government	County
					Governmental	School
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities	Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 4,381,439	\$ 2,496,274
Property Taxes Levied for Solid Waste/Sanitation					571,113	0
Property Taxes Levied for Sports and Recreation					106,816	0
Property Taxes Levied for Highway					571,058	0
Property Taxes Levied for Debt Service					499,879	0
Sales Taxes					353,926	1,275,367
Litigation Tax					69,458	0
Business Tax					72,887	28,839
Mineral Severance Tax					65,673	0
Wholesale Beer Tax					81,720	0
Interstate Telecommunication Tax					1,356	2,081
Grants and Contributions Not Restricted to Specific Programs					2,020,915	23,134,718
Unrestricted Investment Income					59,460	742
Miscellaneous					12,464	26,379
Total General Revenues					\$ 8,868,164	\$ 26,964,400
Change in Net Position					\$ 994,685	\$ 1,671,454
Net Position, July 1, 2016					(5,616,527)	39,265,103
Net Position, June 30, 2017					\$ (4,621,842)	\$ 40,936,557

The notes to the financial statements are an integral part of this statement.

## Exhibit C-1

Grainger County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 400	\$ 0	\$ 312	\$ 0	\$ 70,812	\$ 71,524
Equity in Pooled Cash and Investments	1,102,342	126,654	747,586	2,364,702	520,203	4,861,487
Accounts Receivable	270,616	2,027	0	0	17,075	289,718
Allowance for Uncollectibles	(137,996)	0	0	0	0	(137,996)
Due from Other Governments	179,038	165	295,764	70,446	0	545,413
Due from Other Funds	30,605	0	0	0	0	30,605
Property Taxes Receivable	4,790,181	708,348	632,924	553,809	118,674	6,803,936
Allowance for Uncollectible Property Taxes	(146,453)	(20,415)	(19,208)	(16,806)	(3,601)	(206,483)
Total Assets	<u>\$ 6,088,733</u>	<u>\$ 816,779</u>	<u>\$ 1,657,378</u>	<u>\$ 2,972,151</u>	<u>\$ 723,163</u>	<u>\$ 12,258,204</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 84,202	\$ 40,754	\$ 1,670	\$ 0	\$ 0	\$ 126,626
Payroll Deductions Payable	0	0	59	0	0	59
Contracts Payable	28,356	0	0	0	0	28,356
Due to Other Funds	0	0	0	28,356	2,249	30,605
Due to State of Tennessee	21,483	0	0	0	0	21,483
Other Current Liabilities	0	0	312	0	0	312
Total Liabilities	<u>\$ 134,041</u>	<u>\$ 40,754</u>	<u>\$ 2,041</u>	<u>\$ 28,356</u>	<u>\$ 2,249</u>	<u>\$ 207,441</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 4,490,122	\$ 667,952	\$ 593,735	\$ 519,519	\$ 111,326	\$ 6,382,654
Deferred Delinquent Property Taxes	132,500	17,235	17,235	15,082	3,232	185,284
Other Deferred/Unavailable Revenue	43,631	0	143,219	33,081	0	219,931
Total Deferred Inflows of Resources	<u>\$ 4,666,253</u>	<u>\$ 685,187</u>	<u>\$ 754,189</u>	<u>\$ 567,682</u>	<u>\$ 114,558</u>	<u>\$ 6,787,869</u>

(Continued)

Exhibit C-1

Grainger County, Tennessee  
Balance Sheet  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 41,778	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,778
Restricted for Finance	33,831	0	0	0	87,022	120,853
Restricted for Administration of Justice	57,295	0	0	0	18,765	76,060
Restricted for Public Safety	51,043	0	0	0	41,781	92,824
Restricted for Public Health and Welfare	37,207	0	0	0	0	37,207
Restricted for Social, Cultural, and Recreational Services	5,434	0	0	0	83,018	88,452
Restricted for Highways/Public Works	0	0	390,355	0	0	390,355
Restricted for Capital Projects	0	0	0	0	250,000	250,000
Restricted for Other Purposes	74,022	0	0	0	0	74,022
Committed:						
Committed for Public Health and Welfare	0	90,838	0	0	0	90,838
Committed for Social, Cultural, and Recreational Services	0	0	0	0	125,770	125,770
Committed for Highways/Public Works	0	0	510,793	0	0	510,793
Committed for Debt Service	0	0	0	2,376,113	0	2,376,113
Assigned:						
Assigned for General Government	602,921	0	0	0	0	602,921
Assigned for Other Operations	19,616	0	0	0	0	19,616
Unassigned	365,292	0	0	0	0	365,292
Total Fund Balances	<u>\$ 1,288,439</u>	<u>\$ 90,838</u>	<u>\$ 901,148</u>	<u>\$ 2,376,113</u>	<u>\$ 606,356</u>	<u>\$ 5,262,894</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,088,733</u>	<u>\$ 816,779</u>	<u>\$ 1,657,378</u>	<u>\$ 2,972,151</u>	<u>\$ 723,163</u>	<u>\$ 12,258,204</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Grainger County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,262,894
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,739,753	
Add: infrastructure net of accumulated depreciation		1,604,197	
Add: buildings and improvements net of accumulated depreciation		7,732,205	
Add: other capital assets net of accumulated depreciation		<u>1,092,646</u>	12,168,801
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(797,485)	
Less: bonds payable		(22,255,000)	
Add: deferred amount on refunding		829,101	
Less: compensated absences payable		(111,440)	
Less: landfill closure/postclosure care costs		(806,716)	
Less: accrued interest on bonds and notes		(77,350)	
Less: unamortized premium on debt		<u>(319,088)</u>	(23,537,978)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	890,222	
Less: deferred inflows of resources related to pensions		<u>(158,073)</u>	732,149
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			347,077
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>405,215</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(4,621,842)</u></u>

The notes to the financial statements are an integral part of this statement.

## Exhibit C-3

Grainger County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 4,965,790	\$ 627,136	\$ 687,877	\$ 896,190	\$ 119,317	\$ 7,296,310
Licenses and Permits	76,801	0	0	0	0	76,801
Fines, Forfeitures, and Penalties	88,067	3,987	3,808	3,508	20,642	120,012
Charges for Current Services	974,448	0	0	0	391,324	1,365,772
Other Local Revenues	103,638	33,878	20,951	59,460	7,305	225,232
Fees Received From County Officials	439,302	0	0	0	0	439,302
State of Tennessee	1,099,129	70,309	2,150,165	56,497	22,107	3,398,207
Federal Government	43,105	0	0	0	0	43,105
Other Governments and Citizens Groups	46,097	0	0	700,000	0	746,097
Total Revenues	\$ 7,836,377	\$ 735,310	\$ 2,862,801	\$ 1,715,655	\$ 560,695	\$ 13,710,838
<u>Expenditures</u>						
Current:						
General Government	\$ 1,090,697	\$ 0	\$ 0	\$ 0	\$ 15	\$ 1,090,712
Finance	333,702	0	0	0	385,669	719,371
Administration of Justice	657,398	0	0	0	630	658,028
Public Safety	3,264,134	0	0	0	12,389	3,276,523
Public Health and Welfare	1,921,829	868,964	0	0	0	2,790,793
Social, Cultural, and Recreational Services	212,862	0	0	0	124,627	337,489
Agriculture and Natural Resources	145,670	0	0	0	0	145,670
Other Operations	519,705	0	0	0	0	519,705
Highways	46,224	0	2,779,489	0	0	2,825,713
Debt Service:						
Principal on Debt	0	0	0	1,682,515	0	1,682,515
Interest on Debt	0	0	0	504,982	0	504,982
Other Debt Service	0	0	0	17,568	0	17,568
Total Expenditures	\$ 8,192,221	\$ 868,964	\$ 2,779,489	\$ 2,205,065	\$ 523,330	\$ 14,569,069

(Continued)

## Exhibit C-3

Grainger County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (355,844)	\$ (133,654)	\$ 83,312	\$ (489,410)	\$ 37,365	\$ (858,231)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 250,000	\$ 550,000
Insurance Recovery	96,486	0	3,597	0	0	100,083
Total Other Financing Sources (Uses)	\$ 396,486	\$ 0	\$ 3,597	\$ 0	\$ 250,000	\$ 650,083
Net Change in Fund Balances	\$ 40,642	\$ (133,654)	\$ 86,909	\$ (489,410)	\$ 287,365	\$ (208,148)
Fund Balance, July 1, 2016	1,247,797	224,492	814,239	2,865,523	318,991	5,471,042
Fund Balance, June 30, 2017	\$ 1,288,439	\$ 90,838	\$ 901,148	\$ 2,376,113	\$ 606,356	\$ 5,262,894

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Grainger County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(208,148)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	664,872	
Less: current-year depreciation expense		(661,503)	3,369
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: book value of capital assets disposed			(201,930)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$	405,215	
Less: deferred delinquent property taxes and other deferred June 30, 2016		(427,506)	(22,291)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: note proceeds	\$	(550,000)	
Add: change in premium on debt		42,732	
Add: principal payments on bonds		1,540,000	
Add: principal payments on notes		142,515	
Less: change in deferred amount on refunding debt		(155,093)	1,020,154
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	4,917	
Change in compensated absences payable		18,962	
Change in landfill closure/postclosure care costs		46,530	
Change in net pension asset - agent plan		(243,891)	
Change in deferred outflows related to pensions		415,825	
Change in deferred inflows related to pensions		161,188	403,531
Change in net position of governmental activities (Exhibit B)		\$	<u>994,685</u>

The notes to the financial statements are an integral part of this statement.



## Exhibit C-5

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,965,790	\$ 0	\$ 0	\$ 4,965,790	\$ 5,198,400	\$ 4,848,400	\$ 117,390
Licenses and Permits	76,801	0	0	76,801	71,100	71,100	5,701
Fines, Forfeitures, and Penalties	88,067	0	0	88,067	53,600	53,600	34,467
Charges for Current Services	974,448	0	0	974,448	992,000	992,000	(17,552)
Other Local Revenues	103,638	0	0	103,638	58,750	115,860	(12,222)
Fees Received From County Officials	439,302	0	0	439,302	382,000	382,000	57,302
State of Tennessee	1,099,129	0	0	1,099,129	770,000	1,169,420	(70,291)
Federal Government	43,105	0	0	43,105	30,000	357,000	(313,895)
Other Governments and Citizens Groups	46,097	0	0	46,097	10,852	11,700	34,397
Total Revenues	\$ 7,836,377	\$ 0	\$ 0	\$ 7,836,377	\$ 7,566,702	\$ 8,001,080	\$ (164,703)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 51,015	\$ 0	\$ 0	\$ 51,015	\$ 60,830	\$ 60,830	\$ 9,815
Board of Equalization	1,000	0	0	1,000	2,500	2,500	1,500
Beer Board	120	0	0	120	2,000	2,000	1,880
Budget and Finance Committee	2,250	0	0	2,250	4,000	4,000	1,750
County Mayor/Executive	199,775	0	0	199,775	209,556	209,556	9,781
Election Commission	207,651	0	0	207,651	223,294	224,556	16,905
Register of Deeds	190,573	0	0	190,573	190,776	200,319	9,746
Planning	19,988	0	0	19,988	18,750	18,750	(1,238)
County Buildings	76,852	(1,140)	1,085	76,797	99,450	94,450	17,653
Other Facilities	325,199	(2,621)	500	323,078	334,250	339,250	16,172
Preservation of Records	16,274	0	0	16,274	23,800	23,800	7,526
<u>Finance</u>							
Property Assessor's Office	167,511	(370)	0	167,141	177,171	177,171	10,030
County Trustee's Office	77,103	(1,999)	1,315	76,419	92,100	92,100	15,681
County Clerk's Office	89,088	0	0	89,088	78,700	97,700	8,612
<u>Administration of Justice</u>							
Circuit Court	190,994	(4,244)	0	186,750	202,881	206,389	19,639

(Continued)

## Exhibit C-5

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	\$ 216,104	\$ 0	\$ 0	\$ 216,104	\$ 204,185	\$ 221,248	\$ 5,144
Chancery Court	133,636	0	0	133,636	140,087	140,087	6,451
Juvenile Court	94,242	(200)	329	94,371	117,000	117,000	22,629
District Attorney General	22,422	0	275	22,697	0	46,210	23,513
<u>Public Safety</u>							
Sheriff's Department	1,742,053	(515)	728	1,742,266	1,778,680	1,860,258	117,992
Jail	1,252,833	(41,520)	9,631	1,220,944	1,389,800	1,392,675	171,731
Fire Prevention and Control	1,500	0	0	1,500	0	0	(1,500)
Civil Defense	54,716	(8,031)	0	46,685	57,775	57,775	11,090
Other Emergency Management	212,500	0	0	212,500	212,500	212,500	0
Inspection and Regulation	532	0	0	532	3,367	3,367	2,835
<u>Public Health and Welfare</u>							
Local Health Center	325,437	0	0	325,437	61,691	338,907	13,470
Ambulance/Emergency Medical Services	1,564,909	(106)	4,689	1,569,492	1,598,330	1,646,330	76,838
Crippled Children Services	0	0	0	0	1,257	1,257	1,257
Other Local Health Services	0	0	0	0	1,950	1,950	1,950
Appropriation to State	21,483	0	0	21,483	21,483	21,483	0
General Welfare Assistance	6,000	0	0	6,000	10,000	10,000	4,000
Aid to Dependent Children	0	0	0	0	4,700	4,700	4,700
Other Local Welfare Services	4,000	0	0	4,000	4,000	4,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	51,541	0	171	51,712	59,000	59,000	7,288
Libraries	161,321	(156)	665	161,830	167,702	170,550	8,720
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	63,919	0	0	63,919	65,084	65,084	1,165
Soil Conservation	81,751	0	0	81,751	113,060	113,060	31,309
<u>Other Operations</u>							
Industrial Development	64,771	0	200	64,971	70,200	71,500	6,529
Other Economic and Community Development	12,000	0	0	12,000	0	327,000	315,000

(Continued)

Exhibit C-5

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Veterans' Services	\$ 11,540	\$ 0	\$ 0	\$ 11,540	\$ 18,380	\$ 18,380	\$ 6,840
Other Charges	350,870	0	0	350,870	353,300	353,300	2,430
Contributions to Other Agencies	1,738	0	0	1,738	4,040	4,040	2,302
Miscellaneous	78,786	0	0	78,786	90,000	88,000	9,214
<u>Highways</u>							
Litter and Trash Collection	46,224	(78)	28	46,174	49,950	52,450	6,276
Total Expenditures	\$ 8,192,221	\$ (60,980)	\$ 19,616	\$ 8,150,857	\$ 8,317,579	\$ 9,155,482	\$ 1,004,625
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (355,844)	\$ 60,980	\$ (19,616)	\$ (314,480)	\$ (750,877)	\$ (1,154,402)	\$ 839,922
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Insurance Recovery	96,486	0	0	96,486	0	65,306	31,180
Total Other Financing Sources	\$ 396,486	\$ 0	\$ 0	\$ 396,486	\$ 300,000	\$ 365,306	\$ 31,180
Net Change in Fund Balance							
Fund Balance, July 1, 2016	\$ 40,642	\$ 60,980	\$ (19,616)	\$ 82,006	\$ (450,877)	\$ (789,096)	\$ 871,102
	1,247,797	(60,980)	0	1,186,817	460,454	798,674	388,143
Fund Balance, June 30, 2017							
	\$ 1,288,439	\$ 0	\$ (19,616)	\$ 1,268,823	\$ 9,577	\$ 9,578	\$ 1,259,245

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 627,136	\$ 0	\$ 627,136	\$ 667,000	\$ 627,000	\$ 136
Fines, Forfeitures, and Penalties	3,987	0	3,987	2,600	2,600	1,387
Other Local Revenues	33,878	0	33,878	12,000	12,000	21,878
State of Tennessee	70,309	0	70,309	20,000	60,000	10,309
Total Revenues	<u>\$ 735,310</u>	<u>\$ 0</u>	<u>\$ 735,310</u>	<u>\$ 701,600</u>	<u>\$ 701,600</u>	<u>\$ 33,710</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 847,317	\$ (243)	\$ 847,074	\$ 926,600	\$ 926,600	\$ 79,526
Recycling Center	3,771	(1,297)	2,474	5,000	5,000	2,526
Postclosure Care Costs	17,876	0	17,876	19,000	19,000	1,124
Total Expenditures	<u>\$ 868,964</u>	<u>\$ (1,540)</u>	<u>\$ 867,424</u>	<u>\$ 950,600</u>	<u>\$ 950,600</u>	<u>\$ 83,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (133,654)</u>	<u>\$ 1,540</u>	<u>\$ (132,114)</u>	<u>\$ (249,000)</u>	<u>\$ (249,000)</u>	<u>\$ 116,886</u>
Net Change in Fund Balance	\$ (133,654)	\$ 1,540	\$ (132,114)	\$ (249,000)	\$ (249,000)	\$ 116,886
Fund Balance, July 1, 2016	224,492	(1,540)	222,952	261,839	261,839	(38,887)
Fund Balance, June 30, 2017	<u>\$ 90,838</u>	<u>\$ 0</u>	<u>\$ 90,838</u>	<u>\$ 12,839</u>	<u>\$ 12,839</u>	<u>\$ 77,999</u>

The notes to the financial statements are an integral part of this statement.

## Exhibit C-7

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 687,877	\$ 731,600	\$ 673,600	\$ 14,277
Fines, Forfeitures, and Penalties	3,808	2,360	2,360	1,448
Other Local Revenues	20,951	0	0	20,951
State of Tennessee	2,150,165	2,035,808	2,093,808	56,357
Total Revenues	\$ 2,862,801	\$ 2,769,768	\$ 2,769,768	\$ 93,033
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 156,557	\$ 181,713	\$ 181,613	\$ 25,056
Highway and Bridge Maintenance	1,635,346	1,685,350	1,736,350	101,004
Operation and Maintenance of Equipment	239,472	325,150	274,150	34,678
Other Charges	244,910	250,572	250,672	5,762
Capital Outlay	503,204	620,000	620,000	116,796
Total Expenditures	\$ 2,779,489	\$ 3,062,785	\$ 3,062,785	\$ 283,296
Excess (Deficiency) of Revenues Over Expenditures	\$ 83,312	\$ (293,017)	\$ (293,017)	\$ 376,329
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,597	\$ 0	\$ 0	\$ 3,597
Total Other Financing Sources	\$ 3,597	\$ 0	\$ 0	\$ 3,597
Net Change in Fund Balance	\$ 86,909	\$ (293,017)	\$ (293,017)	\$ 379,926
Fund Balance, July 1, 2016	814,239	805,659	805,659	8,580
Fund Balance, June 30, 2017	\$ 901,148	\$ 512,642	\$ 512,642	\$ 388,506

The notes to the financial statements are an integral part of this statement.

Exhibit D

Grainger County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2017

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash	\$ 543,572
Accounts Receivable	10
Due from Other Governments	<u>161,408</u>
Total Assets	<u><u>\$ 704,990</u></u>
 <u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 161,408
Due to Litigants, Heirs, and Others	<u>543,582</u>
Total Liabilities	<u><u>\$ 704,990</u></u>

The notes to the financial statements are an integral part of this statement.

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## GRAINGER COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**GRAINGER COUNTY, TENNESSEE**  
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**GRAINGER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Grainger County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Grainger County:

**A. Reporting Entity**

Grainger County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Grainger County (the primary government) and its component units. The financial statements of the Grainger County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Discretely Presented Component Units** – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Grainger County School Department operates the public school system in the county, and the voters of Grainger County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Grainger County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Grainger County, and the Grainger County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Grainger County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Grainger County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Grainger County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Grainger County Emergency  
Communications District  
P.O. Box 560  
Rutledge, TN 37861

**Related Organization** – The Grainger County Industrial Development Board is a related organization of Grainger County. The Grainger County Commission elects the board members, but the county's accountability does not extend beyond making the appointments.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Grainger County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Grainger County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Grainger County issues all debt for the discretely presented Grainger County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Grainger County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Grainger County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Grainger County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest

on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grainger County reports the following major governmental funds:

**General Fund** – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Solid Waste/Sanitation Fund** – This special revenue fund is used to account for the operation of the county’s convenience centers and the material recovery facility. Local taxes are the foundational revenues of this fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local taxes and state gasoline taxes are the foundational revenues of this fund.

**General Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Grainger County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received from the state to be forwarded to the various cities in Grainger County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Grainger County School Department reports the following major governmental fund:

**General Purpose School Fund** – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Grainger County School Department reports the following fund type:

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loans associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Grainger County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Grainger County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and

conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible ambulance receivables is management's estimate based on prior collections and aging reports. The allowance for uncollectible property taxes is equal to 1.6 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities account reflected in the discretely presented School Department's General Purpose School Fund represents the remaining balance in the retirement and teachers' insurance clearing accounts.

### 3. **Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of five or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	5 - 25
Infrastructure:	
Roads	20
Bridges	40

### 4. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. They are pension changes in experience, pension changes in investment earnings, pension contributions after the measurement date, pension other deferrals, and the deferred charge on refunding, which are reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/or the governmental funds balance sheet. These items are from the following sources: pension changes in experience, pension other deferrals, current and delinquent property taxes, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

**5. Compensated Absences**

It is the primary government's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. The discretely presented School Department's policy allows employees to accumulate sick pay benefits but neither vacation benefits nor compensatory time. There is no liability for unpaid accumulated sick leave for the primary government or the discretely presented School Department since there is no policy to pay any amounts when employees separate from service with the government. All vacation and compensatory pay is accrued when incurred in the government-wide financial statements for the primary government. A liability for vacation pay and compensatory pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not



withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill closure/postclosure care costs, retirement incentives and honorariums, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Position and Fund Balance**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2017, Grainger County had \$18,926,000 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of Grainger County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grainger County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government. The Director of Schools, by resolution, was authorized to make assignments for the School Department for the 2016-17 year. Assigned fund balance in the General Fund consists of amounts appropriated for use in the 2017-18 budget (\$602,921) and amounts assigned for encumbrances (\$19,616). Assigned fund balance in the School Department's General Purpose School Fund consists of amounts appropriated for use in the 2017-2018 budget (\$723,984), amounts assigned for encumbrances (\$171,233), and for future capital outlays (\$2,332,419).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Grainger County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Grainger County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Grainger County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

**Discretely Presented Grainger County School Department**

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

**Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

**Discretely Presented Grainger County School Department**

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and capital project funds which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, Election Commission, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. Any difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2017, the Grainger County School Department reported the following significant encumbrance:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Discretely Presented School Department		
Major Fund:		
General Purpose School	Buses	\$ 171,233

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations in the Law Library Fund by \$2,496. Expenditures exceeded appropriations approved by the county commission in the Planning and Fire Prevention and Control major appropriation categories (the legal level of control) of the General Fund by \$1,238 and \$1,500, respectively.

Expenditures that exceeded appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Grainger County and the Grainger County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2017.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2017, was as follows:

## Primary Government

### **Governmental Activities:**

	Balance				Balance
	7-1-16	Increases	Decreases		6-30-17
Capital Assets					
Not Depreciated:					
Land	\$ 1,739,753	\$ 0	\$ 0	\$	1,739,753
Construction in Progress	268,655	276,792	(545,447)		0
Total Capital Assets					
Not Depreciated	\$ 2,008,408	\$ 276,792	\$ (545,447)	\$	1,739,753
Capital Assets					
Depreciated:					
Buildings and Improvements	\$ 11,116,634	\$ 300,000	\$ (60,608)	\$	11,356,026
Roads and Bridges	11,945,825	245,447	0		12,191,272
Other Capital Assets	4,878,962	388,080	(486,959)		4,780,083
Total Capital Assets					
Depreciated	\$ 27,941,421	\$ 933,527	\$ (547,567)	\$	28,327,381
Less Accumulated					
Depreciation For:					
Buildings and Improvements	\$ 3,376,513	\$ 247,308	\$ 0	\$	3,623,821
Roads and Bridges	10,498,947	88,128	0		10,587,075
Other Capital Assets	3,707,007	326,067	(345,637)		3,687,437
Total Accumulated					
Depreciation	\$ 17,582,467	\$ 661,503	\$ (345,637)	\$	17,898,333
Total Capital Assets					
Depreciated, Net	\$ 10,358,954	\$ 272,024	\$ (201,930)	\$	10,429,048
Governmental Activities					
Capital Assets, Net	\$ 12,367,362	\$ 548,816	\$ (747,377)	\$	12,168,801

Depreciation expense was charged to functions of the primary government as follows:

**Governmental Activities:**

General Government	\$ 31,109
Administration of Justice	83,097
Public Safety	382,395
Public Health and Welfare	93,428
Social, Cultural, and Recreational Services	31,806
Highway/Public Works	<u>39,668</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 661,503</u></u>

**Discretely Presented Grainger County School Department****Governmental Activities:**

	Balance 7-1-16	Increases	Balance 6-30-17
Capital Assets Not Depreciated:			
Land	\$ 1,117,547	\$ 0	\$ 1,117,547
Total Capital Assets Not Depreciated	<u>\$ 1,117,547</u>	<u>\$ 0</u>	<u>\$ 1,117,547</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 46,183,363	\$ 650,946	\$ 46,834,309
Other Capital Assets	<u>4,303,483</u>	<u>598,395</u>	<u>4,901,878</u>
Total Capital Assets Depreciated	<u>\$ 50,486,846</u>	<u>\$ 1,249,341</u>	<u>\$ 51,736,187</u>
Less Accumulated Depreciation:			
Buildings and Improvements	\$ 12,989,016	\$ 977,402	\$ 13,966,418
Other Capital Assets	<u>2,553,032</u>	<u>352,000</u>	<u>2,905,032</u>
Total Accumulated Depreciation	<u>\$ 15,542,048</u>	<u>\$ 1,329,402</u>	<u>\$ 16,871,450</u>
Total Capital Assets Depreciated, Net	<u>\$ 34,944,798</u>	<u>\$ (80,061)</u>	<u>\$ 34,864,737</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 36,062,345</u></u>	<u><u>\$ (80,061)</u></u>	<u><u>\$ 35,982,284</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2017.

Depreciation expense was charged to functions of the School Department as follows:



**Governmental Activities:**

Instruction	\$	977,402
Support Services		183,720
Operation of Non-instructional Services		<u>168,280</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,329,402</u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, was as follows:

**Primary Government****Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Debt Service	\$ 28,356
"	Nonmajor governmental	2,249

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

**Discretely Presented Grainger County School Department**

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Purpose</u>
	<u>Nonmajor Governmental Funds</u>	<u>General Purpose School Fund</u>	
General Purpose School Fund	\$ 200,000	\$ 0	Cash Flow
Nonmajor governmental funds	0	120,471	Salary Reimbursement

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**D. Long-term Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital purchases such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to four years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2017, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2017, for governmental activities were as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds:					
School Purposes	2 to 3.5	%	5-1-34	\$ 2,500,000	\$ 2,425,000
General Obligation Bonds - Refunding:					
Primary Government					
Purposes	1.92		5-1-30	3,995,000	3,329,000
School Purposes	1.92 to 2		5-1-30	20,095,000	16,501,000
Capital Outlay Notes	2.75 to 3.11		11-14-21	1,085,000	797,485

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2017, including interest payments, are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 1,565,000	\$ 464,099	\$ 2,029,099
2019	1,600,000	434,150	2,034,150
2020	1,630,000	403,499	2,033,499
2021	1,705,000	372,325	2,077,325
2022	1,740,000	341,124	2,081,124
2023-2027	8,000,000	1,224,975	9,224,975
2028-2032	5,525,000	385,686	5,910,686
2033-2034	490,000	25,900	515,900
Total	<u>\$ 22,255,000</u>	<u>\$ 3,651,758</u>	<u>\$ 25,906,758</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 254,240	\$ 18,332	\$ 272,572
2019	208,565	19,841	228,406
2020	108,122	10,553	118,675
2021	111,511	7,163	118,674
2022	115,047	3,628	118,675
Total	<u>\$ 797,485</u>	<u>\$ 59,517</u>	<u>\$ 857,002</u>

There is \$2,376,113 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$982, based on the 2010 federal census. Total debt per capita, including bonds, notes and unamortized debt premiums, totaled \$1,032 based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

##### Governmental Activities:

	Bonds		Notes	
Balance, July 1, 2016	\$	23,795,000	\$	390,000
Additions		0		550,000
Reductions		(1,540,000)		(142,515)
Balance, June 30, 2017	<u>\$</u>	<u>22,255,000</u>	<u>\$</u>	<u>797,485</u>
Balance Due Within One Year	<u>\$</u>	<u>1,565,000</u>	<u>\$</u>	<u>254,240</u>

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2016	\$ 130,402	\$ 853,246
Additions	93,629	0
Reductions	(112,591)	(46,530)
Balance, June 30, 2017	<u>\$ 111,440</u>	<u>\$ 806,716</u>
Balance Due Within One Year	<u>\$ 22,288</u>	<u>\$ 57,622</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 23,970,641
Less: Balance Due Within One Year	(1,899,150)
Add: Unamortized Premium on Debt	<u>319,088</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 22,390,579</u>

Compensated absences will be paid from the employing funds, primarily the General Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

**Discretely Presented Grainger County School Department**

**Changes in Long-term Obligations**

Long-term obligations activity for the year ended June 30, 2017, was as follows:

	Retirement Honorarium	Retirement Incentive
Balance, July 1, 2016	\$ 382,700	\$ 10,000
Additions	22,750	55,000
Reductions	(47,050)	(65,000)
Balance, June 30, 2017	<u>\$ 358,400</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 11,800</u>	<u>\$ 0</u>

	Other Postemployment Benefits	Net Pension Liability (Asset) Teacher Legacy Plan
Balance, July 1, 2016	\$ 4,867,881	\$ 130,587
Additions	767,267	5,229,533
Reductions	(334,665)	(3,319,682)
Balance, June 30, 2017	<u>\$ 5,300,483</u>	<u>\$ 2,040,438</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 7,699,321
Less: Balance Due Within One Year	<u>(11,800)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,687,521</u>

Retirement incentives and honorariums will be paid from the General Purpose School Fund. Net pension liability and other postemployment benefits will be paid from the employing funds (General Purpose School, School Federal Projects, and Central Cafeteria funds).

During the year, the discretely presented School Department contributed \$700,000 to the primary government to apply toward the retirement of school-related debt.

**E. On-Behalf Payments – Discretely Presented Grainger County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grainger County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2017, were \$88,680 and \$23,325, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**F. Short-term Debt**

Grainger County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2017, was as follows:

Fund	Balance 7-1-16	Issued	Paid	Balance 6-30-17
General	\$ 0	\$ 400,000	\$ (400,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county participates in the Local Government Property and Casualty Fund and the Local Government Workers' Compensation Fund, public entity risk pools. The county pays monthly or annual premiums for its insurance coverage. These pools are to be self-sustaining through member premiums.

The county provides commercial health insurance coverage for its active employees. Retirees are not eligible to participate in the county's health plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Discretely Presented Grainger County School Department**

The discretely presented Grainger County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

The discretely presented Grainger County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate.

The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, established reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of

applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

**C. Subsequent Events**

Subsequent to June 30, 2017, Grainger County approved to issue a \$40,000 capital outlay note for highway paving.

Subsequent to June 30, 2017, Grainger County approved a \$500,000 interfund loan in the form of a tax anticipation note for the General Fund.

Subsequent to June 30, 2017, Grainger County approved a \$100,000 interfund loan in the form of a tax anticipation note for the Solid Waste/Sanitation Fund.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. Based on information from attorneys, management estimates that the potential claims against the county not covered by insurance resulting from such other litigation would not materially affect the county's financial statement.

**E. Landfill Postclosure Care Costs**

Grainger County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Grainger County closed its sanitary landfill in 2002. The \$806,716 reported as postclosure care liability at June 30, 2017, represents amounts based on what it would cost to perform all postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.



**F. Joint Venture**

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Cocke, Grainger, Jefferson, and Sevier counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Grainger County made no contributions to the DTF for the year ended June 30, 2017, and does not have any equity interest in this joint venture.

Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General  
Fourth Judicial District  
125 Court Avenue, Suite 301  
Sevierville, TN 37862

**G. Jointly Governed Organization**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors/executives of each county or the county mayors'/executives' designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex-officio member, is in charge of the daily operations of the center.

## **H. Retirement Commitments**

### **1. Primary Government**

#### **General Information About the Pension Plan**

*Plan Description.* Employees of Grainger County and non-certified employees of the discretely presented Grainger County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 54.23 percent, the non-certified employees of the discretely presented School Department comprised 45.77 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one

percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	137
Inactive Employees Entitled to But Not Yet Receiving Benefits	313
Active Employees	304
Total	<u><u>754</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Grainger County elected to make employer contributions at a rate higher than the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contribution for Grainger County was \$757,995 based on a rate of 9.76 percent of covered payroll. The minimum rate established by the Board of Trustees was 4.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Grainger County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Net Pension Liability (Asset)**

Grainger County's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.50%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Grainger County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2015	\$ 20,381,200	\$ 21,517,676	\$ (1,136,476)
Changes for the Year:			
Service Cost	\$ 652,242	\$ 0	\$ 652,242
Interest	1,543,903	0	1,543,903
Differences Between Expected and Actual Experience	30,282	0	30,282
Contributions-Employer	0	777,617	(777,617)
Contributions-Employees	0	391,895	(391,895)
Net Investment Income	0	574,352	(574,352)
Benefit Payments, Including Refunds of Employee Contributions	(896,132)	(896,132)	0
Administrative Expense	0	(22,488)	22,488
Other Changes	0	8,584	(8,584)
Net Changes	\$ 1,330,295	\$ 833,828	\$ 496,467
Balance, June 30, 2016	\$ 21,711,495	\$ 22,351,504	\$ (640,009)

### Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	54.23%	\$ 11,774,144	\$ 12,121,221	\$ (347,077)
School Department	45.77%	9,937,351	10,230,283	(292,932)
Total		\$ 21,711,495	\$ 22,351,504	\$ (640,009)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Grainger County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Grainger County	6.5%	7.5%	8.5%

Net Pension Liability      \$ 2,306,983    \$      (640,009)    \$      (3,076,117)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2017, Grainger County recognized pension expense of \$203,509.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, Grainger County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 135,312	\$ 291,485
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	750,382	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	757,995	N/A
Total	<u>\$ 1,643,689</u>	<u>\$ 291,485</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 890,222	\$ 158,073
School Department	753,467	133,412
Total	<u>\$ 1,643,689</u>	<u>\$ 291,485</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 8,911
2019	8,911
2020	328,936
2021	242,408
2022	5,047
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Grainger County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Grainger County and non-certified employees of the discretely presented Grainger County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 54.23 percent and the non-certified employees of the



discretely presented School Department comprise 45.77 percent of the plan based on contribution data.

### **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Grainger County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI

change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were \$43,454, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2017, the Grainger County School Department reported an asset of \$13,048 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Grainger County School Department's proportion of the net pension asset was based on the Grainger County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Grainger County School Department's proportion was .125338 percent. The revised proportion measured at June 30, 2015, was .116164 percent.

*Pension Expense.* For the year ended June 30, 2017, the Grainger County School Department recognized pension expense of \$10,903.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Grainger County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,264	\$ 1,504
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,136	0
Changes in Proportion of Net Pension Liability (Asset)	0	257
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	43,454	0
Total	<u>\$ 46,854</u>	<u>\$ 1,761</u>

The Grainger County School Department's employer contributions of \$43,454, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 507
2019	507
2020	507
2021	405
2022	(53)
Thereafter	(233)

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46	33
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Grainger County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Grainger County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 6,161	\$ (13,048)	\$ (27,202)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Grainger County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various

eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Grainger County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$1,097,996, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2017, the Grainger County School Department reported a liability of \$2,040,438 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Grainger County School Department's proportion of the net pension liability (asset) was based on the Grainger County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Grainger County School Department's proportion was .326499 percent. The proportion measured at June 30, 2015, was .318790 percent.

*Pension Expense.* For the year ended June 30, 2017, the Grainger County School Department recognized pension expense of \$291,365.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Grainger County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 85,869	\$ 2,470,294
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,278,177	0
Changes in Proportion of Net Pension Liability (Asset)	215,297	
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	1,097,996	N/A
Total	\$ 3,677,339	\$ 2,470,294

The Grainger County School Department's employer contributions of \$1,097,996 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (330,899)
2019	(330,899)
2020	761,941
2021	158,187
2022	(149,283)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.



*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Grainger County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Grainger County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability     \$ 11,204,397     \$ 2,040,438     \$ (5,550,572)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

## 2. **Deferred Compensation**

### **Primary Government**

Grainger County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

### **Discretely Presented Grainger County School Department**

Teachers hired after July 1, 2014, by the discretely presented Grainger County School Department are required to participate in a hybrid pension plan (Teacher Retirement Plan) administered by the Tennessee Consolidated Retirement System. The Teacher Retirement Plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Grainger County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Grainger County School Department contributed \$54,319 to the 401(k) portion of the plan on-behalf of the plan participants.

## **I. Other Postemployment Benefits (OPEB)**

### **Discretely Presented Grainger County School Department**

#### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)* for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/article/fa-accfin-cafr>.

#### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2017, the discretely presented Grainger County School Department contributed \$334,665 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
ARC	\$ 768,000
Interest on the NOPEBO	182,546
Adjustment to the ARC	(183,279)
Annual OPEB cost	\$ 767,267
Amount of contribution	(334,665)
Increase/decrease in NOPEBO	\$ 432,602
Net OPEB obligation, 7-1-16	4,867,881
Net OPEB obligation, 6-30-17	\$ 5,300,483

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 639,177	44 %	\$ 4,411,078
6-30-16	"	747,545	39	4,867,881
6-30-17	"	767,267	44	5,300,483

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 7,014,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,014,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 16,407,843
UAAL as a % of covered payroll	42.75%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about

the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. Rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

#### **J. Termination Benefits**

The discretely presented School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This plan is available to all certified teachers who retire from the School Department with at least ten years of service in Grainger County and are between the ages of 55 and 60, or have a minimum of 30 years of credited service in the Tennessee Consolidated Retirement System. The plan provides teachers who have met the noted requirements, a bonus of \$5,000 paid in one lump sum. During the year, expenditures of \$5,000 were recognized for retirement incentive bonus payments. At June 30, 2017, there were no individuals participating in the program.

In addition to the previously mentioned retirement incentive, the discretely presented School Department offers an additional retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service with the School Department. Under the terms of the plan, employees with 30 or more years of experience at the end of the 2005-06 school year shall receive \$100 for each school year of service with the School Department up to a maximum of \$4,000. Employees with less than 30 years of experience at the end of the 2005-06 school year shall receive \$100 for each school year of service in the School Department up to a maximum of \$3,000. As of June 30, 2017, 185 employees met the requirements of this benefit. The

estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$358,400. Of that amount, \$11,800 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$65,000 in the General Purpose School Fund.

The discretely presented School Department also offered an additional retirement incentive for certified employees for the 2016-2017 year only. The retirement incentive was offered to certified employees employed as of February 21, 2017. Employees must have been employed last 10 years of service with Grainger County Schools. All employees with 30 plus years of experience regardless of age qualified, employees with 20-24 years of experience must be 65 year old, and individuals who have 25-29 year of experience must be 62 years old to have qualified for this benefit. Employees who met all guidelines received \$50 per unused sick day accumulated at the time of retirement. Nine individuals qualified in 2016-2017 and were paid a total of \$56,100. No liability existed at June 30, 2017, because it was a one time incentive.

#### **K. Purchasing Laws**

##### Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*. This act provides for purchases exceeding \$10,000 (excluding emergency purchases) to be made after public advertisement and solicitation of competitive bids.

##### Office of Road Superintendent

Chapter 232, Private Acts of 1980, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, govern purchasing procedures for this office. These statutes provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

##### Office of Director of Schools

Purchasing procedures for the discretely presented School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit E-1

Grainger County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 627,456	\$ 598,290	\$ 652,242
Interest	1,398,557	1,441,288	1,543,903
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	(582,968)	165,117	30,282
Changes in Assumptions	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(803,478)	(884,769)	(896,132)
Net Change in Total Pension Liability	\$ 639,567	\$ 1,319,926	\$ 1,330,295
Total Pension Liability, Beginning	18,421,707	19,061,274	20,381,200
Total Pension Liability, Ending (a)	\$ 19,061,274	\$ 20,381,200	\$ 21,711,495
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 741,468	\$ 720,013	\$ 777,617
Contributions - Employee	371,474	364,428	391,895
Net Investment Income	2,921,738	640,417	574,352
Benefit Payments, Including Refunds of Employee Contributions	(803,478)	(884,769)	(896,132)
Administrative Expense	(11,205)	(14,819)	(22,488)
	0	0	8,584
Net Change in Plan Fiduciary Net Position	\$ 3,219,997	\$ 825,270	\$ 833,828
Plan Fiduciary Net Position, Beginning	17,472,409	20,692,406	21,517,676
Plan Fiduciary Net Position, Ending (b)	\$ 20,692,406	\$ 21,517,676	\$ 22,351,504
Net Pension Liability (Asset), Ending (a - b)	\$ (1,631,132)	\$ (1,136,476)	\$ (640,009)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.56%	105.58%	102.95%
Covered Payroll	\$ 7,422,102	\$ 7,377,182	\$ 8,005,131
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(21.98%)	(15.41%)	(7.99%)

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-2

Grainger County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 741,468	\$ 720,013	\$ 777,617	\$ 325,507
Less Contributions in Relation to the Actuarially Determined Contribution	(741,468)	(720,013)	(777,617)	(757,995)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (432,488)
Covered Payroll	\$ 7,422,102	\$ 7,377,182	\$ 8,005,131	\$ 7,768,655
Contributions as a Percentage of Covered Payroll	9.99%	9.76%	9.71%	9.76%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

Grainger County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Grainger County School Department  
For the Fiscal Year Ended June 30

	2015	2016	2017
Contractually Required Contribution	\$ 9,858	\$ 22,060	\$ 43,454
Less Contributions in Relation to the Contractually Required Contribution	(9,858)	(22,060)	(43,454)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 246,445	\$ 551,494	\$ 1,086,370
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Grainger County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Grainger County School Department  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Contractually Required Contribution	\$ 1,057,354	\$ 1,078,825	\$ 1,065,451	\$ 1,097,996
Less Contributions in Relation to the Contractually Required Contribution	(1,057,354)	(1,078,825)	(1,065,451)	(1,097,996)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,907,142	\$ 11,933,926	\$ 11,785,973	\$ 12,145,980
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit E-5

Grainger County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Pension Plan of TCRS  
Discretely Presented Grainger County School Department  
For the Fiscal Year Ended June 30 \*

	2016	2017
School Department's Proportion of the Net Pension Asset	0.118612%	0.125338%
School Department's Proportionate Share of the Net Pension Asset	\$ (4,772)	\$ (13,048)
Covered Payroll	246,445	551,494
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Grainger County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Grainger County School Department  
For the Fiscal Year Ended June 30\*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.303367%	0.318790%	0.326499%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (49,296)	\$ 130,587	\$ 2,040,438
Covered Payroll	\$ 11,907,142	\$ 11,933,926	\$ 11,785,973
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.41%)	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-7

Grainger County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Grainger County School Department  
June 30, 2017

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-11	\$ 0	\$ 9,300	\$ 9,300	0 %	\$ 14,705	63 %
"	7-1-13	0	5,929	5,929	0	15,253	39
"	7-1-15	0	7,014	7,014	0	16,408	43

**GRAINGER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%



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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions of the Parks and Recreation Department.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Exhibit F-1

Grainger County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,812	\$ 70,812
Equity in Pooled Cash and Investments	16,726	2,039	41,781	459,657	0	520,203
Accounts Receivable	0	0	0	0	17,075	17,075
Property Taxes Receivable	0	0	0	118,674	0	118,674
Allowance for Uncollectible Property Taxes	0	0	0	(3,601)	0	(3,601)
Total Assets	\$ 16,726	\$ 2,039	\$ 41,781	\$ 574,730	\$ 87,887	\$ 723,163
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 1,384	\$ 865	\$ 2,249
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 1,384	\$ 865	\$ 2,249
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 111,326	\$ 0	\$ 111,326
Deferred Delinquent Property Taxes	0	0	0	3,232	0	3,232
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 114,558	\$ 0	\$ 114,558
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,022	\$ 87,022
Restricted for Administration of Justice	16,726	2,039	0	0	0	18,765

(Continued)

Exhibit F-1

Grainger County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	
<u>FUND BALANCES (CONT.)</u>						
Restricted (Cont.):						
Restricted for Public Safety	\$ 0	\$ 0	\$ 41,781	\$ 0	\$ 0	\$ 41,781
Restricted for Social, Cultural, and Recreational Services	0	0	0	83,018	0	83,018
Restricted for Capital Projects	0	0	0	250,000	0	250,000
Committed:						
Committed for Social, Cultural, and Recreational Services	0	0	0	125,770	0	125,770
Total Fund Balances	<u>\$ 16,726</u>	<u>\$ 2,039</u>	<u>\$ 41,781</u>	<u>\$ 458,788</u>	<u>\$ 87,022</u>	<u>\$ 606,356</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,726</u>	<u>\$ 2,039</u>	<u>\$ 41,781</u>	<u>\$ 574,730</u>	<u>\$ 87,887</u>	<u>\$ 723,163</u>

Exhibit F-2

Grainger County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds					Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation			
<u>Revenues</u>							
Local Taxes	\$ 1,563	\$ 1,654	\$ 0	\$ 116,100	\$ 0	\$ 119,317	
Fines, Forfeitures, and Penalties	0	0	19,925	717	0	20,642	
Charges for Current Services	0	0	0	14,195	377,129	391,324	
Other Local Revenues	0	0	2,200	5,105	0	7,305	
State of Tennessee	0	0	0	22,107	0	22,107	
Total Revenues	<u>\$ 1,563</u>	<u>\$ 1,654</u>	<u>\$ 22,125</u>	<u>\$ 158,224</u>	<u>\$ 377,129</u>	<u>\$ 560,695</u>	
<u>Expenditures</u>							
Current:							
General Government	\$ 15	\$ 0	\$ 0	\$ 0	\$ 0	15	
Finance	0	0	0	0	385,669	385,669	
Administration of Justice	0	0	0	0	630	630	
Public Safety	0	0	12,389	0	0	12,389	
Social, Cultural, and Recreational Services	0	3,016	0	121,611	0	124,627	
Total Expenditures	<u>\$ 15</u>	<u>\$ 3,016</u>	<u>\$ 12,389</u>	<u>\$ 121,611</u>	<u>\$ 386,299</u>	<u>\$ 523,330</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,548</u>	<u>\$ (1,362)</u>	<u>\$ 9,736</u>	<u>\$ 36,613</u>	<u>\$ (9,170)</u>	<u>\$ 37,365</u>	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ 250,000</u>	
Net Change in Fund Balances	\$ 1,548	\$ (1,362)	\$ 9,736	\$ 286,613	\$ (9,170)	\$ 287,365	
Fund Balance, July 1, 2016	15,178	3,401	32,045	172,175	96,192	318,991	
Fund Balance, June 30, 2017	<u>\$ 16,726</u>	<u>\$ 2,039</u>	<u>\$ 41,781</u>	<u>\$ 458,788</u>	<u>\$ 87,022</u>	<u>\$ 606,356</u>	

Exhibit F-3

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,563	\$ 1,010	\$ 1,010	\$ 553
Total Revenues	<u>\$ 1,563</u>	<u>\$ 1,010</u>	<u>\$ 1,010</u>	<u>\$ 553</u>
<u>Expenditures</u>				
General Government				
County Buildings	\$ 15	\$ 5,020	\$ 5,020	\$ 5,005
Total Expenditures	<u>\$ 15</u>	<u>\$ 5,020</u>	<u>\$ 5,020</u>	<u>\$ 5,005</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,548</u>	<u>\$ (4,010)</u>	<u>\$ (4,010)</u>	<u>\$ 5,558</u>
Net Change in Fund Balance	\$ 1,548	\$ (4,010)	\$ (4,010)	\$ 5,558
Fund Balance, July 1, 2016	<u>15,178</u>	<u>15,057</u>	<u>15,057</u>	<u>121</u>
Fund Balance, June 30, 2017	<u><u>\$ 16,726</u></u>	<u><u>\$ 11,047</u></u>	<u><u>\$ 11,047</u></u>	<u><u>\$ 5,679</u></u>

## Exhibit F-4

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,654	\$ 1,010	\$ 1,010	\$ 644
Total Revenues	\$ 1,654	\$ 1,010	\$ 1,010	\$ 644
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 3,016	\$ 520	\$ 520	\$ (2,496)
Total Expenditures	\$ 3,016	\$ 520	\$ 520	\$ (2,496)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,362)	\$ 490	\$ 490	\$ (1,852)
Net Change in Fund Balance	\$ (1,362)	\$ 490	\$ 490	\$ (1,852)
Fund Balance, July 1, 2016	3,401	3,297	3,297	104
Fund Balance, June 30, 2017	\$ 2,039	\$ 3,787	\$ 3,787	\$ (1,748)

## Exhibit F-5

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 19,925	\$ 6,000	\$ 6,000	\$ 13,925
Other Local Revenues	2,200	0	0	2,200
Total Revenues	<u>\$ 22,125</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 16,125</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 12,389	\$ 26,750	\$ 26,750	\$ 14,361
Total Expenditures	<u>\$ 12,389</u>	<u>\$ 26,750</u>	<u>\$ 26,750</u>	<u>\$ 14,361</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,736</u>	<u>\$ (20,750)</u>	<u>\$ (20,750)</u>	<u>\$ 30,486</u>
Net Change in Fund Balance	\$ 9,736	\$ (20,750)	\$ (20,750)	\$ 30,486
Fund Balance, July 1, 2016	<u>32,045</u>	<u>27,596</u>	<u>27,596</u>	<u>4,449</u>
Fund Balance, June 30, 2017	<u><u>\$ 41,781</u></u>	<u><u>\$ 6,846</u></u>	<u><u>\$ 6,846</u></u>	<u><u>\$ 34,935</u></u>



## Exhibit F-6

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Sports and Recreation Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 116,100	\$ 115,550	\$ 115,550	\$ 550
Fines, Forfeitures, and Penalties	717	490	490	227
Charges for Current Services	14,195	16,000	16,000	(1,805)
Other Local Revenues	5,105	0	0	5,105
State of Tennessee	22,107	8,000	258,000	(235,893)
Total Revenues	<u>\$ 158,224</u>	<u>\$ 140,040</u>	<u>\$ 390,040</u>	<u>\$ (231,816)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 121,611	\$ 162,680	\$ 668,555	\$ 546,944
Total Expenditures	<u>\$ 121,611</u>	<u>\$ 162,680</u>	<u>\$ 668,555</u>	<u>\$ 546,944</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 36,613</u>	<u>\$ (22,640)</u>	<u>\$ (278,515)</u>	<u>\$ 315,128</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 250,000	0	\$ 250,000	0
Total Other Financing Sources	<u>\$ 250,000</u>	<u>0</u>	<u>\$ 250,000</u>	<u>0</u>
Net Change in Fund Balance	\$ 286,613	\$ (22,640)	\$ (28,515)	\$ 315,128
Fund Balance, July 1, 2016	<u>172,175</u>	<u>167,651</u>	<u>167,651</u>	<u>4,524</u>
Fund Balance, June 30, 2017	<u><u>\$ 458,788</u></u>	<u><u>\$ 145,011</u></u>	<u><u>\$ 139,136</u></u>	<u><u>\$ 319,652</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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Exhibit G

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 896,190	\$ 928,000	\$ 878,000	\$ 18,190
Fines, Forfeitures, and Penalties	3,508	3,100	3,100	408
Other Local Revenues	59,460	70,000	70,000	(10,540)
State of Tennessee	56,497	18,000	68,000	(11,503)
Other Governments and Citizens Groups	700,000	700,000	700,000	0
Total Revenues	<u>\$ 1,715,655</u>	<u>\$ 1,719,100</u>	<u>\$ 1,719,100</u>	<u>\$ (3,445)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 312,515	\$ 1,770,000	\$ 393,922	\$ 81,407
Education	1,370,000	0	1,370,000	0
<u>Interest on Debt</u>				
General Government	81,262	620,000	200,347	119,085
Education	423,720	0	423,720	0
<u>Other Debt Service</u>				
General Government	15,557	20,000	20,000	4,443
Education	2,011	0	2,011	0
Total Expenditures	<u>\$ 2,205,065</u>	<u>\$ 2,410,000</u>	<u>\$ 2,410,000</u>	<u>\$ 204,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (489,410)</u>	<u>\$ (690,900)</u>	<u>\$ (690,900)</u>	<u>\$ 201,490</u>
Net Change in Fund Balance	\$ (489,410)	\$ (690,900)	\$ (690,900)	\$ 201,490
Fund Balance, July 1, 2016	<u>2,865,523</u>	<u>3,507,737</u>	<u>3,507,737</u>	<u>(642,214)</u>
Fund Balance, June 30, 2017	<u>\$ 2,376,113</u>	<u>\$ 2,816,837</u>	<u>\$ 2,816,837</u>	<u>\$ (440,724)</u>

# Fiduciary Funds

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Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

## Exhibit H-1

Grainger County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2017

	Agency Funds		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 543,572	\$ 543,572
Accounts Receivable	0	10	10
Due from Other Governments	161,408	0	161,408
Total Assets	\$ 161,408	\$ 543,582	\$ 704,990
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 161,408	\$ 0	\$ 161,408
Due to Litigants, Heirs, and Others	0	543,582	543,582
Total Liabilities	\$ 161,408	\$ 543,582	\$ 704,990

## Exhibit H-2

Grainger County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 927,970	\$ 927,970	\$ 0
Due from Other Governments	147,874	161,408	147,874	161,408
Total Assets	<u>\$ 147,874</u>	<u>\$ 1,089,378</u>	<u>\$ 1,075,844</u>	<u>\$ 161,408</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 147,874</u>	<u>\$ 1,089,378</u>	<u>\$ 1,075,844</u>	<u>\$ 161,408</u>
Total Liabilities	<u>\$ 147,874</u>	<u>\$ 1,089,378</u>	<u>\$ 1,075,844</u>	<u>\$ 161,408</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 552,702	\$ 3,530,811	\$ 3,539,941	\$ 543,572
Accounts Receivable	105	10	105	10
Total Assets	<u>\$ 552,807</u>	<u>\$ 3,530,821</u>	<u>\$ 3,540,046</u>	<u>\$ 543,582</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 552,807</u>	<u>\$ 3,530,821</u>	<u>\$ 3,540,046</u>	<u>\$ 543,582</u>
Total Liabilities	<u>\$ 552,807</u>	<u>\$ 3,530,821</u>	<u>\$ 3,540,046</u>	<u>\$ 543,582</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 552,702	\$ 3,530,811	\$ 3,539,941	\$ 543,572
Equity in Pooled Cash and Investments	0	927,970	927,970	0
Accounts Receivable	105	10	105	10
Due from Other Governments	147,874	161,408	147,874	161,408
Total Assets	<u>\$ 700,681</u>	<u>\$ 4,620,199</u>	<u>\$ 4,615,890</u>	<u>\$ 704,990</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 147,874</u>	<u>\$ 1,089,378</u>	<u>\$ 1,075,844</u>	<u>\$ 161,408</u>
Due to Litigants, Heirs, and Others	<u>552,807</u>	<u>3,530,821</u>	<u>3,540,046</u>	<u>543,582</u>
Total Liabilities	<u>\$ 700,681</u>	<u>\$ 4,620,199</u>	<u>\$ 4,615,890</u>	<u>\$ 704,990</u>

# Grainger County School Department

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This section presents combining and individual fund financial statements for the Grainger County School Department, a discretely presented component unit. The Grainger County School Department uses a General Fund and two Special Revenue Funds.

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General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Exhibit I-1

Grainger County, Tennessee  
Statement of Activities  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 19,725,142	\$ 0	\$ 2,246,590	\$ 118,794	\$ (17,359,758)
Support Services	8,304,519	0	254,814	0	(8,049,705)
Operation of Non-instructional Services	2,563,460	465,567	2,205,060	9,350	116,517
Total Governmental Activities	\$ 30,593,121	\$ 465,567	\$ 4,706,464	\$ 128,144	\$ (25,292,946)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,496,274
Local Option Sales Taxes					1,275,367
Business Tax					28,839
Interstate Telecommunications Tax					2,081
Grants and Contributions Not Restricted for Specific Programs					23,134,718
Unrestricted Investment Earnings					742
Miscellaneous					26,379
Total General Revenues					\$ 26,964,400
Change in Net Position					\$ 1,671,454
Net Position, July 1, 2016					39,265,103
Net Position, June 30, 2017					\$ 40,936,557



Exhibit I-2

Grainger County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Grainger County School Department  
June 30, 2017

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Cash	\$ 763,996	\$ 141	\$ 764,137
Equity in Pooled Cash and Investments	9,376,917	506,748	9,883,665
Accounts Receivable	113,837	1,965	115,802
Due from Other Governments	395,461	492,901	888,362
Property Taxes Receivable	2,743,167	0	2,743,167
Allowance for Uncollectible Property Taxes	(93,941)	0	(93,941)
Total Assets	\$ 13,299,437	\$ 1,001,755	\$ 14,301,192
<u>LIABILITIES</u>			
Accounts Payable	\$ 327,940	\$ 30,914	\$ 358,854
Accrued Payroll	103,997	18,227	122,224
Payroll Deductions Payable	17,637	2,716	20,353
Other Current Liabilities	763,996	0	763,996
Total Liabilities	\$ 1,213,570	\$ 51,857	\$ 1,265,427
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,560,344	\$ 0	\$ 2,560,344
Deferred Delinquent Property Taxes	76,870	0	76,870
Other Deferred/Unavailable Revenue	97,169	0	97,169
Total Deferred Inflows of Resources	\$ 2,734,383	\$ 0	\$ 2,734,383
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 169,818	\$ 549,898	\$ 719,716
Restricted for Capital Projects	18,966	0	18,966
Committed:			
Committed for Education	0	400,000	400,000
Assigned:			
Assigned for Education	895,217	0	895,217
Assigned for Capital Projects	2,332,419	0	2,332,419
Unassigned	5,935,064	0	5,935,064
Total Fund Balances	\$ 9,351,484	\$ 949,898	\$ 10,301,382
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,299,437	\$ 1,001,755	\$ 14,301,192

Exhibit I-3

Grainger County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Grainger County School Department  
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	10,301,382
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,117,547	
Add: buildings and improvements net of accumulated depreciation		32,867,891	
Add: other capital assets net of accumulated depreciation		<u>1,996,846</u>	35,982,284
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability	\$	(5,300,483)	
Less: retirement honorarium payable		(358,400)	
Less: net pension liability - teacher legacy plan		<u>(2,040,438)</u>	(7,699,321)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	4,477,660	
Less: deferred inflows of resources related to pensions		<u>(2,605,467)</u>	1,872,193
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	292,932	
Add: net pension asset - teacher retirement plan		<u>13,048</u>	305,980
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>174,039</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>40,936,557</u></u>

## Exhibit I-4

Grainger County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 4,016,743	\$ 0	\$ 4,016,743
Licenses and Permits	613	0	613
Fines, Forfeitures, and Penalties	16,331	0	16,331
Charges for Current Services	0	465,567	465,567
Other Local Revenues	254,496	3,321	257,817
State of Tennessee	23,096,430	19,702	23,116,132
Federal Government	243,583	4,147,789	4,391,372
Total Revenues	<u>\$ 27,628,196</u>	<u>\$ 4,636,379</u>	<u>\$ 32,264,575</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,214,134	\$ 1,650,971	\$ 18,865,105
Support Services	7,907,584	749,594	8,657,178
Operation of Non-instructional Services	426,338	2,055,463	2,481,801
Capital Outlay	522,216	0	522,216
Debt Service:			
Other Debt Service	700,000	0	700,000
Total Expenditures	<u>\$ 26,770,272</u>	<u>\$ 4,456,028</u>	<u>\$ 31,226,300</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 857,924</u>	<u>\$ 180,351</u>	<u>\$ 1,038,275</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 16,562	\$ 0	\$ 16,562
Transfers In	120,471	200,000	320,471
Transfers Out	(200,000)	(120,471)	(320,471)
Total Other Financing Sources (Uses)	<u>\$ (62,967)</u>	<u>\$ 79,529</u>	<u>\$ 16,562</u>
Net Change in Fund Balances	\$ 794,957	\$ 259,880	\$ 1,054,837
Fund Balance, July 1, 2016	<u>8,556,527</u>	<u>690,018</u>	<u>9,246,545</u>
Fund Balance, June 30, 2017	<u>\$ 9,351,484</u>	<u>\$ 949,898</u>	<u>\$ 10,301,382</u>

Exhibit I-5

Grainger County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement  
of activities (Exhibit B) are different because:

Net changes in fund balances - total governmental funds (Exhibit I-4)		\$ 1,054,837
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,249,341	
Less: current-year depreciation expense	<u>(1,329,402)</u>	(80,061)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 174,039	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(174,039)</u>	0
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	\$ (432,602)	
Change in retirement incentive payable	10,000	
Change in retirement honorarium	24,300	
Change in net pension asset - agent plan	(252,576)	
Change in net pension asset - teacher retirement plan	8,276	
Change in net pension liability - teacher legacy plan	(1,909,851)	
Change in deferred outflows related to pensions	2,683,007	
Change in deferred inflows related to pensions	<u>566,124</u>	<u>696,678</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,671,454</u>

Exhibit I-6

Grainger County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Grainger County School Department  
June 30, 2017

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 141	\$ 141
Equity in Pooled Cash and Investments	201,706	305,042	506,748
Accounts Receivable	0	1,965	1,965
Due from Other Governments	246,375	246,526	492,901
Total Assets	<u>\$ 448,081</u>	<u>\$ 553,674</u>	<u>\$ 1,001,755</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 27,138	\$ 3,776	\$ 30,914
Accrued Payroll	18,227	0	18,227
Payroll Deductions Payable	2,716	0	2,716
Total Liabilities	<u>\$ 48,081</u>	<u>\$ 3,776</u>	<u>\$ 51,857</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 549,898	\$ 549,898
Committed:			
Committed for Education	400,000	0	400,000
Total Fund Balances	<u>\$ 400,000</u>	<u>\$ 549,898</u>	<u>\$ 949,898</u>
Total Liabilities and Fund Balances	<u>\$ 448,081</u>	<u>\$ 553,674</u>	<u>\$ 1,001,755</u>

Exhibit I-7

Grainger County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 465,567	\$ 465,567
Other Local Revenues	0	3,321	3,321
State of Tennessee	0	19,702	19,702
Federal Government	2,521,036	1,626,753	4,147,789
Total Revenues	<u>\$ 2,521,036</u>	<u>\$ 2,115,343</u>	<u>\$ 4,636,379</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,650,971	\$ 0	\$ 1,650,971
Support Services	749,594	0	749,594
Operation of Non-instructional Services	0	2,055,463	2,055,463
Total Expenditures	<u>\$ 2,400,565</u>	<u>\$ 2,055,463</u>	<u>\$ 4,456,028</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 120,471</u>	<u>\$ 59,880</u>	<u>\$ 180,351</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 200,000	\$ 0	\$ 200,000
Transfers Out	(120,471)	0	(120,471)
Total Other Financing Sources (Uses)	<u>\$ 79,529</u>	<u>\$ 0</u>	<u>\$ 79,529</u>
Net Change in Fund Balances	\$ 200,000	\$ 59,880	\$ 259,880
Fund Balance, July 1, 2016	200,000	490,018	690,018
Fund Balance, June 30, 2017	<u><u>\$ 400,000</u></u>	<u><u>\$ 549,898</u></u>	<u><u>\$ 949,898</u></u>

## Exhibit I-8

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Grainger County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,016,743	\$ 0	\$ 0	\$ 4,016,743	\$ 4,025,500	\$ 4,025,500	\$ (8,757)
Licenses and Permits	613	0	0	613	0	0	613
Fines, Forfeitures, and Penalties	16,331	0	0	16,331	13,000	13,000	3,331
Charges for Current Services	0	0	0	0	5,000	5,000	(5,000)
Other Local Revenues	254,496	0	0	254,496	35,000	152,764	101,732
State of Tennessee	23,096,430	0	0	23,096,430	21,855,416	22,640,939	455,491
Federal Government	243,583	0	0	243,583	74,404	242,036	1,547
Total Revenues	\$ 27,628,196	\$ 0	\$ 0	\$ 27,628,196	\$ 26,008,320	\$ 27,079,239	\$ 548,957
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,756,509	\$ 0	\$ 0	\$ 13,756,509	\$ 13,838,740	\$ 15,041,648	\$ 1,285,139
Alternative Instruction Program	54,703	0	0	54,703	60,221	60,221	5,518
Special Education Program	2,171,380	0	0	2,171,380	2,089,343	2,253,894	82,514
Career and Technical Education Program	1,088,682	0	0	1,088,682	1,129,155	1,151,998	63,316
Student Body Education Program	33,010	0	0	33,010	38,000	38,000	4,990
Adult Education Program	109,850	0	0	109,850	114,517	114,517	4,667
<u>Support Services</u>							
Attendance	7,906	0	0	7,906	7,963	7,963	57
Health Services	451,477	0	0	451,477	368,877	468,877	17,400
Other Student Support	469,401	0	0	469,401	511,219	569,459	100,058
Regular Instruction Program	448,203	0	0	448,203	791,763	630,094	181,891
Special Education Program	201,227	0	0	201,227	209,427	226,427	25,200
Career and Technical Education Program	57,174	0	0	57,174	60,436	60,436	3,262
Technology	264,857	0	0	264,857	45,500	316,635	51,778
Other Programs	112,005	0	0	112,005	0	112,005	0
Board of Education	370,157	0	0	370,157	452,037	467,037	96,880
Director of Schools	243,714	0	0	243,714	254,948	258,639	14,925
Office of the Principal	1,451,951	0	0	1,451,951	1,391,810	1,482,560	30,609

(Continued)

Exhibit I-8

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Grainger County School Department  
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,672,371	\$ 0	\$ 0	\$ 1,672,371	\$ 1,860,861	\$ 1,860,861	\$ 188,490
Maintenance of Plant	590,158	(2,700)	0	587,458	529,314	1,130,424	542,966
Transportation	1,566,983	(249,450)	171,233	1,488,766	1,456,689	1,747,177	258,411
<u>Operation of Non-instructional Services</u>							
Early Childhood Education	426,338	0	0	426,338	0	426,338	0
<u>Capital Outlay</u>							
Regular Capital Outlay	522,216	(5,800)	0	516,416	97,500	741,500	225,084
<u>Other Debt Service</u>							
Education	700,000	0	0	700,000	700,000	700,000	0
Total Expenditures	\$ 26,770,272	\$ (257,950)	\$ 171,233	\$ 26,683,555	\$ 26,008,320	\$ 29,866,710	\$ 3,183,155
Excess (Deficiency) of Revenues Over Expenditures	\$ 857,924	\$ 257,950	\$ (171,233)	\$ 944,641	\$ 0	\$ (2,787,471)	\$ 3,732,112
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 16,562	\$ 0	\$ 0	\$ 16,562	\$ 0	\$ 15,987	\$ 575
Transfers In	120,471	0	0	120,471	0	120,471	0
Transfers Out	(200,000)	0	0	(200,000)	0	(200,000)	0
Total Other Financing Sources	\$ (62,967)	\$ 0	\$ 0	\$ (62,967)	\$ 0	\$ (63,542)	\$ 575
Net Change in Fund Balance	\$ 794,957	\$ 257,950	\$ (171,233)	\$ 881,674	\$ 0	\$ (2,851,013)	\$ 3,732,687
Fund Balance, July 1, 2016	8,556,527	(257,950)	0	8,298,577	8,298,577	8,298,577	0
Fund Balance, June 30, 2017	\$ 9,351,484	\$ 0	\$ (171,233)	\$ 9,180,251	\$ 8,298,577	\$ 5,447,564	\$ 3,732,687



## Exhibit I-9

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Grainger County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,521,036	\$ 2,166,930	\$ 3,014,287	\$ (493,251)
Total Revenues	\$ 2,521,036	\$ 2,166,930	\$ 3,014,287	\$ (493,251)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,104,894	\$ 970,655	\$ 1,277,963	\$ 173,069
Special Education Program	496,493	625,016	618,212	121,719
Career and Technical Education Program	49,584	42,199	49,585	1
<u>Support Services</u>				
Health Services	18,199	30,778	30,778	12,579
Other Student Support	80,553	89,090	100,087	19,534
Regular Instruction Program	305,347	223,085	426,186	120,839
Special Education Program	258,290	93,064	281,295	23,005
Transportation	87,205	93,043	109,710	22,505
Total Expenditures	\$ 2,400,565	\$ 2,166,930	\$ 2,893,816	\$ 493,251
Excess (Deficiency) of Revenues Over Expenditures	\$ 120,471	\$ 0	\$ 120,471	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Transfers Out	(120,471)	0	(120,471)	0
Total Other Financing Sources	\$ 79,529	\$ 0	\$ 79,529	\$ 0
Net Change in Fund Balance	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Fund Balance, July 1, 2016	200,000	200,000	200,000	0
Fund Balance, June 30, 2017	\$ 400,000	\$ 200,000	\$ 400,000	\$ 0

## Exhibit I-10

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Grainger County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 465,567	\$ 698,050	\$ 698,050	\$ (232,483)
Other Local Revenues	3,321	6,000	6,000	(2,679)
State of Tennessee	19,702	22,000	22,000	(2,298)
Federal Government	1,626,753	1,446,000	1,608,811	17,942
Total Revenues	<u>\$ 2,115,343</u>	<u>\$ 2,172,050</u>	<u>\$ 2,334,861</u>	<u>\$ (219,518)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,055,463	\$ 2,146,050	\$ 2,308,861	\$ 253,398
Total Expenditures	<u>\$ 2,055,463</u>	<u>\$ 2,146,050</u>	<u>\$ 2,308,861</u>	<u>\$ 253,398</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,880</u>	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 33,880</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (26,000)	\$ (26,000)	\$ 26,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ (26,000)</u>	<u>\$ (26,000)</u>	<u>\$ 26,000</u>
Net Change in Fund Balance	\$ 59,880	\$ 0	\$ 0	\$ 59,880
Fund Balance, July 1, 2016	<u>490,018</u>	<u>490,018</u>	<u>490,018</u>	<u>0</u>
Fund Balance, June 30, 2017	<u><u>\$ 549,898</u></u>	<u><u>\$ 490,018</u></u>	<u><u>\$ 490,018</u></u>	<u><u>\$ 59,880</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Grainger County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
<b><u>BONDS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds - Series 2012 - Justice Center	\$ 3,995,000	1.92	% 12-12-12	5-1-30	\$ 3,499,000	\$ 0	\$ 170,000	\$ 3,329,000
General Obligation Refunding Bonds - Series 2012 - Schools	5,980,000	1.92	12-12-12	5-1-30	5,236,000	0	255,000	4,981,000
General Obligation Refunding Bonds - Series 2013 - Schools	9,800,000	1.94	2-15-13	5-1-30	9,235,000	0	260,000	8,975,000
General Obligation Refunding Bonds - Series 2014 - Schools	4,315,000	2	3-27-14	5-1-20	3,375,000	0	830,000	2,545,000
General Obligation School Bonds - Series 2014	2,500,000	2 to 3.5	3-27-14	5-1-34	2,450,000	0	25,000	2,425,000
Total Bonds Payable					<u>\$ 23,795,000</u>	<u>\$ 0</u>	<u>\$ 1,540,000</u>	<u>\$ 22,255,000</u>
<b><u>NOTES PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Jail Improvements	165,000	2.75	1-16-14	1-16-18	\$ 82,500	\$ 0	\$ 41,250	\$ 41,250
Sheriff's Vehicles and Ambulance	250,000	2.91	6-29-15	6-29-19	187,500	0	62,500	125,000
Sheriff's Vehicles	120,000	3.11	6-17-16	6-17-19	120,000	0	38,765	81,235
Sheriff's Vehicles and Ambulance	300,000	3.11	5-26-17	11-14-21	0	300,000	0	300,000
Parks and Recreation Ball Field Project	250,000	3.11	5-26-17	11-14-21	0	250,000	0	250,000
Total Notes Payable					<u>\$ 390,000</u>	<u>\$ 550,000</u>	<u>\$ 142,515</u>	<u>\$ 797,485</u>

Exhibit J-2

Grainger County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 1,565,000	\$ 464,099	\$ 2,029,099
2019	1,600,000	434,150	2,034,150
2020	1,630,000	403,499	2,033,499
2021	1,705,000	372,325	2,077,325
2022	1,740,000	341,124	2,081,124
2023	1,785,000	309,275	2,094,275
2024	1,500,000	276,600	1,776,600
2025	1,535,000	245,750	1,780,750
2026	1,570,000	213,300	1,783,300
2027	1,610,000	180,050	1,790,050
2028	1,640,000	145,412	1,785,412
2029	1,695,000	110,124	1,805,124
2030	1,740,000	72,050	1,812,050
2031	220,000	32,900	252,900
2032	230,000	25,200	255,200
2033	240,000	17,150	257,150
2034	250,000	8,750	258,750
Total	\$ 22,255,000	\$ 3,651,758	\$ 25,906,758

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 254,240	\$ 18,332	\$ 272,572
2019	208,565	19,841	228,406
2020	108,122	10,553	118,675
2021	111,511	7,163	118,674
2022	115,047	3,628	118,675
Total	\$ 797,485	\$ 59,517	\$ 857,002

Exhibit J-3

Grainger County, Tennessee  
Schedule of Transfers - Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED GRAINGER</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 200,000
School Federal Projects	General Purpose School	Salary reimbursement	<u>120,471</u>
Total Transfers Discretely Presented			
Grainger County School Department			<u>\$ 320,471</u>

Exhibit J-4

Grainger County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,095	\$ 100,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	71,743	100,000	"
Director of Schools	State Board of Education and County Board of Education	98,933 (1)	100,000	Western Surety Company
Trustee	Section 8-24-102, <i>TCA</i>	66,421 (2)	902,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	65,221	50,000	Western Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	66,421 (2)	100,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	65,221	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	65,221 (3)	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	66,421 (2)	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	75,930 (4)	100,000	"
Employee Blanket Bonds:				
County Employees			100,000	Local Government Insurance Pool
School Department Employees			400,000	Tennessee Risk Management Trust

(1) Includes a salary equity bonus of \$1,700, test administration payments of \$154, career ladder payment of \$1,000, perfect attendance payment of \$300, and chief executive officer training supplement of \$1,000.

(2) Includes a certified public administrator incentive supplement of \$1,200.

(3) Does not include special commissioner fees of \$630.

(4) Includes \$3,587 for serving as workhouse superintendent and includes \$600 training supplement.

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,100,754	\$ 0	\$ 0	\$ 532,661	\$ 0	\$ 100,005
Trustee's Collections - Prior Year	145,728	0	0	24,492	0	3,674
Circuit Clerk/Clerk and Master Collections - Prior Years	99,648	0	0	13,384	0	2,399
Interest and Penalty	28,117	0	0	4,402	0	664
Payments in-Lieu-of Taxes - T.V.A.	2,861	0	0	372	0	70
Payments in-Lieu-of Taxes - Local Utilities	262,163	0	0	34,103	0	6,394
Payments in-Lieu-of Taxes - Other	68,736	0	0	10,798	0	1,624
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Litigation Tax - General	7,033	154	155	0	0	0
Litigation Tax - Special Purpose	40,320	1,409	1,499	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	18,888	0	0	0	0	0
Business Tax	51,913	0	0	6,924	0	1,270
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	56,553	0	0	0	0	0
Wholesale Beer Tax	81,720	0	0	0	0	0
Interstate Telecommunications Tax	1,356	0	0	0	0	0
Total Local Taxes	\$ 4,965,790	\$ 1,563	\$ 1,654	\$ 627,136	\$ 0	\$ 116,100
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	75,393	0	0	0	0	0

(Continued)



## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Licenses and Permits	\$ 76,801	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 903	\$ 0	\$ 0	\$ 120	\$ 0	22
Officers Costs	2,536	0	0	345	0	62
Drug Control Fines	8,212	0	0	0	7,374	0
Jail Fees	1,275	0	0	0	0	0
DUI Treatment Fines	290	0	0	0	0	0
Data Entry Fee - Circuit Court	879	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	475	0	0	34	0	6
Victims Assistance Assessments	3,126	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	9,622	0	0	1,325	0	236
Officers Costs	15,749	0	0	2,135	0	386
Game and Fish Fines	33	0	0	5	0	1
Drug Control Fines	5,265	0	0	0	5,802	0
Jail Fees	6,755	0	0	0	0	0
DUI Treatment Fines	6,356	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,483	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0
Victims Assistance Assessments	13,770	0	0	0	0	0

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 182	\$ 0	\$ 0	\$ 23	\$ 0	\$ 4
Officers Costs	1,302	0	0	0	0	0
Data Entry Fee - Juvenile Court	312	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,132	0	0	0	0	0
Data Entry Fee - Chancery Court	2,356	0	0	0	0	0
<u>Other Courts - In-county</u>						
Jail Fees	52	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	6,749	0
Total Fines, Forfeitures, and Penalties	\$ 88,067	\$ 0	\$ 0	\$ 3,987	\$ 19,925	\$ 717
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	891,893	0	0	0	0	0
Past Due Collections - Ambulance	11,388	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	99
Service Charges	15,013	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	14,096
Copy Fees	1,264	0	0	0	0	0
Library Fees	4,908	0	0	0	0	0
Archives and Records Management Fee	14,166	0	0	0	0	0
Telephone Commissions	18,119	0	0	0	0	0

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	6,564	0	0	0	0	0
Data Processing Fee - Sheriff	2,885	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,800	0	0	0	0	0
Data Processing Fee - County Clerk	4,773	0	0	0	0	0
Total Charges for Current Services	\$ 974,448	\$ 0	\$ 0	\$ 0	\$ 0	14,195
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	26,191	0	0	100	0	0
Sale of Materials and Supplies	12	0	0	0	0	0
Commissary Sales	19,413	0	0	0	0	0
Sale of Recycled Materials	722	0	0	33,770	0	0
Miscellaneous Refunds	30,681	0	0	8	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	6,000	0	0	0	0	0
Sale of Property	7,759	0	0	0	0	0
Damages Recovered from Individuals	135	0	0	0	200	0
Contributions and Gifts	8,435	0	0	0	2,000	5,105
<u>Other Local Revenues</u>						
Other Local Revenues	4,290	0	0	0	0	0
Total Other Local Revenues	\$ 103,638	\$ 0	\$ 0	\$ 33,878	\$ 2,200	\$ 5,105

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 120,000	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	45,627	0	0	0	0	0
General Sessions Court Clerk	107,262	0	0	0	0	0
Clerk and Master	62,050	0	0	0	0	0
Juvenile Court Clerk	9,076	0	0	0	0	0
Register	82,430	0	0	0	0	0
Sheriff	12,857	0	0	0	0	0
Total Fees Received From County Officials	\$ 439,302	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	6,732	0	0	0	0	0
Solid Waste Grants	0	0	0	5,740	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	13,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Public Health Nurses	6,610	0	0	0	0	0
Other Health and Welfare Grants	6,649	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	24,578	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	35,307	0	0	0	0	0

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 66,161	\$ 0	\$ 0	\$ 0	\$ 0	0
State Revenue Sharing - T.V.A.	496,372	0	0	64,569	0	12,107
Contracted Prisoner Boarding	413,438	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	521	0	0	0	0	10,000
Other State Revenues	4,797	0	0	0	0	0
Total State of Tennessee	\$ 1,099,129	\$ 0	\$ 0	\$ 70,309	\$ 0	\$ 22,107
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 7,564	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	27,741	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	7,800	0	0	0	0	0
Total Federal Government	\$ 43,105	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 46,097	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Governments and Citizens Groups	\$ 46,097	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 7,836,377	\$ 1,563	\$ 1,654	\$ 735,310	\$ 22,125	\$ 158,224

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds		Debt Service Fund		
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 533,400	\$ 465,985	\$	5,732,805
Trustee's Collections - Prior Year	0	21,359	22,044		217,297
Circuit Clerk/Clerk and Master Collections - Prior Years	0	12,942	11,785		140,158
Interest and Penalty	0	4,023	3,937		41,143
Payments in-Lieu-of Taxes - T.V.A.	0	372	326		4,001
Payments in-Lieu-of Taxes - Local Utilities	0	34,103	29,840		366,603
Payments in-Lieu-of Taxes - Other	0	9,194	7,824		98,176
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	348,480		348,480
Litigation Tax - General	0	0	0		7,342
Litigation Tax - Special Purpose	0	0	0		43,228
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		18,888
Business Tax	0	6,811	5,969		72,887
Mineral Severance Tax	0	65,673	0		65,673
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0		56,553
Wholesale Beer Tax	0	0	0		81,720
Interstate Telecommunications Tax	0	0	0		1,356
Total Local Taxes	\$ 0	\$ 687,877	\$ 896,190	\$	7,296,310
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$	608
Cable TV Franchise	0	0	0		75,393

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds		Debt Service Fund	
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Total
<u>Licenses and Permits (Cont.)</u>				
<u>Permits</u>				
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 800
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 76,801
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 131	\$ 105	\$ 1,281
Officers Costs	0	319	304	3,566
Drug Control Fines	0	0	0	15,586
Jail Fees	0	0	0	1,275
DUI Treatment Fines	0	0	0	290
Data Entry Fee - Circuit Court	0	0	0	879
<u>Criminal Court</u>				
DUI Treatment Fines	0	165	29	709
Victims Assistance Assessments	0	0	0	3,126
<u>General Sessions Court</u>				
Fines	0	1,374	1,168	13,725
Officers Costs	0	1,790	1,877	21,937
Game and Fish Fines	0	5	5	49
Drug Control Fines	0	0	0	11,067
Jail Fees	0	0	0	6,755
DUI Treatment Fines	0	0	0	6,356
Data Entry Fee - General Sessions Court	0	0	0	7,483
Courtroom Security Fee	0	0	0	2
Victims Assistance Assessments	0	0	0	13,770

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds		Debt Service Fund	
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
Juvenile Court				
Fines	\$ 0	\$ 24	\$ 20	\$ 253
Officers Costs	0	0	0	1,302
Data Entry Fee - Juvenile Court	0	0	0	312
<u>Chancery Court</u>				
Officers Costs	0	0	0	1,132
Data Entry Fee - Chancery Court	0	0	0	2,356
<u>Other Courts - In-county</u>				
Jail Fees	0	0	0	52
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property	0	0	0	6,749
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 3,808	\$ 3,508	\$ 120,012
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 675
Patient Charges	0	0	0	891,893
Past Due Collections - Ambulance	0	0	0	11,388
Other General Service Charges	0	0	0	99
Service Charges	0	0	0	15,013
<u>Fees</u>				
Recreation Fees	0	0	0	14,096
Copy Fees	0	0	0	1,264
Library Fees	0	0	0	4,908
Archives and Records Management Fee	0	0	0	14,166
Telephone Commissions	0	0	0	18,119

(Continued)



## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds		Debt Service Fund		
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		Total
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Constitutional Officers' Fees and Commissions	\$ 376,499	\$ 0	\$ 0	\$	376,499
Special Commissioner Fees/Special Master Fees	630	0	0		630
Data Processing Fee - Register	0	0	0		6,564
Data Processing Fee - Sheriff	0	0	0		2,885
Sexual Offender Registration Fee - Sheriff	0	0	0		2,800
Data Processing Fee - County Clerk	0	0	0		4,773
Total Charges for Current Services	\$ 377,129	\$ 0	\$ 0	\$	1,365,772
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 59,460	\$	59,460
Lease/Rentals	0	0	0		26,291
Sale of Materials and Supplies	0	13,270	0		13,282
Commissary Sales	0	0	0		19,413
Sale of Recycled Materials	0	0	0		34,492
Miscellaneous Refunds	0	7,048	0		37,737
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0		6,000
Sale of Property	0	0	0		7,759
Damages Recovered from Individuals	0	633	0		968
Contributions and Gifts	0	0	0		15,540
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0		4,290
Total Other Local Revenues	\$ 0	\$ 20,951	\$ 59,460	\$	225,232

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	
	<u>Constitu- tional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Total</u>
<u>Fees Received From County Officials</u>				
<u>Excess Fees</u>				
Trustee	\$ 0	\$ 0	\$ 0	\$ 120,000
<u>Fees In-Lieu-of Salary</u>				
Circuit Court Clerk	0	0	0	45,627
General Sessions Court Clerk	0	0	0	107,262
Clerk and Master	0	0	0	62,050
Juvenile Court Clerk	0	0	0	9,076
Register	0	0	0	82,430
Sheriff	0	0	0	12,857
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 439,302
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	0	0	0	6,732
Solid Waste Grants	0	0	0	5,740
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	13,800
<u>Health and Welfare Grants</u>				
Public Health Nurses	0	0	0	6,610
Other Health and Welfare Grants	0	0	0	6,649
<u>Public Works Grants</u>				
State Aid Program	0	489,182	0	489,182
Litter Program	0	0	0	24,578
<u>Other State Revenues</u>				
Income Tax	0	0	0	35,307

(Continued)

## Exhibit J-5

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds		Debt Service Fund	
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 66,161
State Revenue Sharing - T.V.A.	0	64,569	56,497	694,114
Contracted Prisoner Boarding	0	0	0	413,438
Gasoline and Motor Fuel Tax	0	1,580,066	0	1,580,066
Petroleum Special Tax	0	16,348	0	16,348
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	10,521
Other State Revenues	0	0	0	4,797
Total State of Tennessee	\$ 0	\$ 2,150,165	\$ 56,497	\$ 3,398,207
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$ 0	\$ 0	\$ 0	\$ 7,564
Other Federal through State	0	0	0	27,741
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	0	0	0	7,800
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 43,105
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 0	\$ 0	\$ 700,000	\$ 746,097
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 700,000	\$ 746,097
Total	\$ 377,129	\$ 2,862,801	\$ 1,715,655	\$ 13,710,838

## Exhibit J-6

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,330,843	\$ 0	\$ 0	\$ 2,330,843
Trustee's Collections - Prior Year	91,414	0	0	91,414
Circuit Clerk/Clerk and Master Collections - Prior Years	57,109	0	0	57,109
Interest and Penalty	16,908	0	0	16,908
Payments in-Lieu-of Taxes - T.V.A.	1,628	0	0	1,628
Payments in-Lieu-of Taxes - Local Utilities	149,199	0	0	149,199
Payments in-Lieu-of Taxes - Other	39,118	0	0	39,118
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,275,367	0	0	1,275,367
Business Tax	28,839	0	0	28,839
<u>Statutory Local Taxes</u>				
Bank Excise Tax	24,237	0	0	24,237
Interstate Telecommunications Tax	2,081	0	0	2,081
Total Local Taxes	\$ 4,016,743	\$ 0	\$ 0	\$ 4,016,743
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 613	\$ 0	\$ 0	\$ 613
Total Licenses and Permits	\$ 613	\$ 0	\$ 0	\$ 613
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 530	\$ 0	\$ 0	\$ 530
Officers Costs	1,442	0	0	1,442

(Continued)

## Exhibit J-6

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Criminal Court</u>				
DUI Treatment Fines	\$ 147	\$ 0	\$ 0	\$ 147
<u>General Sessions Court</u>				
Fines	6,066	0	0	6,066
Officers Costs	8,034	0	0	8,034
Game and Fish Fines	20	0	0	20
<u>Juvenile Court</u>				
Fines	92	0	0	92
Total Fines, Forfeitures, and Penalties	\$ 16,331	\$ 0	\$ 0	\$ 16,331
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 265,386	\$ 265,386
Lunch Payments - Adults	0	0	61,867	61,867
Income from Breakfast	0	0	1,625	1,625
A la Carte Sales	0	0	117,651	117,651
Receipts from Individual Schools	0	0	1,762	1,762
Other Charges for Services	0	0	17,276	17,276
Total Charges for Current Services	\$ 0	\$ 0	\$ 465,567	\$ 465,567
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 742	\$ 742
E-Rate Funding	226,105	0	0	226,105
Miscellaneous Refunds	23,645	0	2,579	26,224

(Continued)

## Exhibit J-6

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Contributions and Gifts	\$ 4,591	\$ 0	\$ 0	\$ 4,591
<u>Other Local Revenues</u>				
Other Local Revenues	155	0	0	155
Total Other Local Revenues	<u>\$ 254,496</u>	<u>\$ 0</u>	<u>\$ 3,321</u>	<u>\$ 257,817</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 112,005	\$ 0	\$ 0	\$ 112,005
<u>State Education Funds</u>				
Basic Education Program	21,550,122	0	0	21,550,122
Early Childhood Education	426,338	0	0	426,338
School Food Service	0	0	19,702	19,702
Driver Education	14,190	0	0	14,190
Other State Education Funds	487,717	0	0	487,717
Career Ladder Program	114,942	0	0	114,942
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	282,488	0	0	282,488
Other State Revenues	108,628	0	0	108,628
Total State of Tennessee	<u>\$ 23,096,430</u>	<u>\$ 0</u>	<u>\$ 19,702</u>	<u>\$ 23,116,132</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,010,217	\$ 1,010,217
USDA - Commodities	0	0	168,636	168,636

(Continued)

## Exhibit J-6

Grainger County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Breakfast	\$ 0	\$ 0	\$ 418,089	\$ 418,089
USDA - Other	0	0	20,461	20,461
USDA Food Service Equipment Grant	0	0	9,350	9,350
Vocational Education - Basic Grants to States	0	66,199	0	66,199
Title I Grants to Local Education Agencies	0	1,066,391	0	1,066,391
Special Education - Grants to States	120,057	934,458	0	1,054,515
Special Education Preschool Grants	0	46,201	0	46,201
English Language Acquisition Grants	0	33,276	0	33,276
Rural Education	0	75,853	0	75,853
Eisenhower Professional Development State Grants	0	182,594	0	182,594
Other Federal through State	49,979	116,064	0	166,043
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	73,547	0	0	73,547
Total Federal Government	<u>\$ 243,583</u>	<u>\$ 2,521,036</u>	<u>\$ 1,626,753</u>	<u>\$ 4,391,372</u>
Total	<u>\$ 27,628,196</u>	<u>\$ 2,521,036</u>	<u>\$ 2,115,343</u>	<u>\$ 32,264,575</u>

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$ 43,092	
Social Security	3,297	
Pensions	2,416	
Unemployment Compensation	54	
Dues and Memberships	1,450	
Travel	706	
Total County Commission		\$ 51,015

Board of Equalization

Board and Committee Members Fees	\$ 1,000	
Total Board of Equalization		1,000

Beer Board

Board and Committee Members Fees	\$ 120	
Total Beer Board		120

Budget and Finance Committee

Board and Committee Members Fees	\$ 2,250	
Total Budget and Finance Committee		2,250

County Mayor/Executive

County Official/Administrative Officer	\$ 79,095	
Purchasing Personnel	999	
Longevity Pay	1,600	
Other Salaries and Wages	65,349	
Social Security	10,492	
Pensions	13,553	
Medical Insurance	5,500	
Unemployment Compensation	392	
Communication	3,337	
Data Processing Services	9,359	
Dues and Memberships	1,450	
Maintenance Agreements	1,373	
Postal Charges	1,663	
Printing, Stationery, and Forms	301	
Travel	256	
Office Supplies	2,125	
Other Supplies and Materials	432	
Office Equipment	2,499	
Total County Mayor/Executive		199,775

Election Commission

County Official/Administrative Officer	\$ 59,899	
Assistant(s)	24,720	
Longevity Pay	400	
Election Commission	28,000	
Election Workers	27,750	

(Continued)



## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

In-service Training	\$	2,625	
Social Security		5,797	
Pensions		8,259	
Medical Insurance		3,000	
Unemployment Compensation		288	
Communication		1,880	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		4,385	
Maintenance Agreements		10,350	
Maintenance and Repair Services - Equipment		1,598	
Maintenance and Repair Services - Office Equipment		840	
Postal Charges		1,941	
Printing, Stationery, and Forms		4,720	
Rentals		9,600	
Travel		5,492	
Electricity		1,548	
Office Supplies		1,186	
Propane Gas		1,267	
Water and Sewer		499	
Other Charges		1,382	
Total Election Commission			\$ 207,651

Register of Deeds

County Official/Administrative Officer	\$	66,421	
Clerical Personnel		50,837	
Part-time Personnel		2,714	
Longevity Pay		1,750	
Other Salaries and Wages		1,000	
Social Security		8,606	
Pensions		11,444	
Medical Insurance		10,422	
Unemployment Compensation		499	
Communication		2,832	
Data Processing Services		16,546	
Dues and Memberships		727	
Maintenance Agreements		8,112	
Maintenance and Repair Services - Office Equipment		1,372	
Postal Charges		218	
Printing, Stationery, and Forms		256	
Travel		3,382	
Office Supplies		2,718	
Office Equipment		717	
Total Register of Deeds			190,573

Planning

Board and Committee Members Fees	\$	8,000	
Other Contracted Services		11,988	
Total Planning			19,988

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Buildings

Custodial Personnel	\$	27,334	
Longevity Pay		250	
Social Security		2,110	
Pensions		2,668	
Unemployment Compensation		144	
Maintenance and Repair Services - Buildings		12,014	
Travel		428	
Custodial Supplies		966	
Electricity		20,008	
Propane Gas		9,211	
Water and Sewer		1,719	
Total County Buildings			\$ 76,852

Other Facilities

Maintenance Personnel	\$	26,426	
Longevity Pay		150	
Social Security		1,493	
Pensions		2,579	
Medical Insurance		3,000	
Unemployment Compensation		144	
Communication		496	
Maintenance and Repair Services - Buildings		81,052	
Custodial Supplies		2,886	
Electricity		113,743	
Propane Gas		33,605	
Water and Sewer		59,625	
Total Other Facilities			325,199

Preservation of Records

Part-time Personnel	\$	12,245	
Social Security		937	
Unemployment Compensation		144	
Communication		2,235	
Postal Charges		56	
Office Supplies		176	
Other Supplies and Materials		76	
Other Charges		405	
Total Preservation of Records			16,274

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	65,221	
Assistant(s)		22,327	
Deputy(ies)		28,515	
Part-time Personnel		2,913	
Longevity Pay		1,050	
Social Security		9,033	

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Pensions	\$	9,208	
Medical Insurance		3,000	
Unemployment Compensation		288	
Communication		1,692	
Contracts with Private Agencies		764	
Data Processing Services		8,768	
Maintenance Agreements		971	
Maintenance and Repair Services - Vehicles		308	
Postal Charges		221	
Travel		127	
Gasoline		922	
Office Supplies		1,367	
Other Supplies and Materials		10,204	
Premiums on Corporate Surety Bonds		612	
Total Property Assessor's Office			\$ 167,511

County Trustee's Office

Social Security	\$	12,299	
Pensions		15,841	
Medical Insurance		3,000	
Unemployment Compensation		448	
Communication		4,085	
Data Processing Services		19,940	
Dues and Memberships		782	
Legal Notices, Recording, and Court Costs		96	
Maintenance Agreements		1,372	
Postal Charges		7,847	
Printing, Stationery, and Forms		539	
Travel		4,508	
Office Supplies		4,100	
Data Processing Equipment		2,057	
Office Equipment		189	
Total County Trustee's Office			77,103

County Clerk's Office

Social Security	\$	16,369	
Pensions		16,833	
Medical Insurance		8,012	
Communication		6,063	
Data Processing Services		16,985	
Dues and Memberships		1,047	
Maintenance Agreements		834	
Maintenance and Repair Services - Office Equipment		50	
Postal Charges		7,374	
Printing, Stationery, and Forms		3,657	
Travel		4,025	
Office Supplies		7,489	

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Other Charges	\$	320	
Office Equipment		30	
Total County Clerk's Office			\$ 89,088

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	65,221	
Deputy(ies)		30,626	
Secretary(ies)		28,604	
Longevity Pay		1,150	
Jury and Witness Expense		7,485	
Social Security		8,419	
Pensions		12,146	
Medical Insurance		6,000	
Unemployment Compensation		288	
Communication		3,166	
Dues and Memberships		832	
Maintenance Agreements		16,604	
Postal Charges		2,092	
Printing, Stationery, and Forms		240	
Travel		929	
Office Supplies		3,684	
Other Charges		3,508	
Total Circuit Court			190,994

General Sessions Court

Judge(s)	\$	96,360	
Secretary(ies)		66,407	
Longevity Pay		300	
Social Security		12,221	
Pensions		14,808	
Medical Insurance		3,000	
Unemployment Compensation		628	
Postal Charges		441	
Printing, Stationery, and Forms		524	
Travel		2,441	
Library Books/Media		1,047	
Office Supplies		864	
Other Charges		17,063	
Total General Sessions Court			216,104

Chancery Court

County Official/Administrative Officer	\$	65,221	
Deputy(ies)		27,100	
Longevity Pay		850	
Social Security		6,341	
Pensions		9,011	

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Medical Insurance	\$	11,279	
Unemployment Compensation		144	
Communication		1,820	
Dues and Memberships		552	
Maintenance Agreements		4,446	
Postal Charges		2,170	
Printing, Stationery, and Forms		849	
Travel		44	
Library Books/Media		1,055	
Office Supplies		1,750	
Office Equipment		1,004	
Total Chancery Court			\$ 133,636

Juvenile Court

Assistant(s)	\$	23,756	
Supervisor/Director		35,072	
Probation Officer(s)		4,004	
Secretary(ies)		550	
Longevity Pay		250	
Social Security		4,161	
Pensions		5,795	
Medical Insurance		5,807	
Unemployment Compensation		361	
Communication		2,095	
Contracts with Other Public Agencies		8,255	
Dues and Memberships		30	
Postal Charges		105	
Printing, Stationery, and Forms		147	
Travel		810	
Food Preparation Supplies		18	
Office Supplies		1,631	
Uniforms		320	
Office Equipment		1,075	
Total Juvenile Court			94,242

District Attorney General

Other Salaries and Wages	\$	16,390	
Social Security		1,182	
Pensions		1,600	
Medical Insurance		1,000	
Unemployment Compensation		144	
Travel		480	
Office Supplies		525	
Maintenance Equipment		1,101	
Total District Attorney General			22,422

(Continued)

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,330	
Deputy(ies)		588,896	
Investigator(s)		44,065	
Sergeant(s)		136,604	
Medical Personnel		22,555	
Salary Supplements		13,800	
Secretary(ies)		52,207	
School Resource Officer		86,781	
Longevity Pay		3,600	
In-service Training		11,163	
Social Security		73,530	
Pensions		81,839	
Medical Insurance		39,132	
Unemployment Compensation		4,704	
Communication		18,042	
Data Processing Services		2,894	
Dues and Memberships		1,787	
Operating Lease Payments		9,600	
Legal Notices, Recording, and Court Costs		50	
Maintenance Agreements		15,954	
Maintenance and Repair Services - Vehicles		50,433	
Postal Charges		1,119	
Printing, Stationery, and Forms		396	
Travel		8,201	
Gasoline		93,547	
Law Enforcement Supplies		37,942	
Office Supplies		4,898	
Tires and Tubes		13,815	
Uniforms		9,914	
Other Supplies and Materials		8,933	
Other Charges		4,990	
Communication Equipment		6,850	
Motor Vehicles		218,482	
Total Sheriff's Department			\$ 1,742,053

Jail

Medical Personnel	\$	27,085
Guards		561,233
Cafeteria Personnel		60,743
Longevity Pay		1,200
Social Security		48,041
Pensions		57,327
Medical Insurance		25,436
Unemployment Compensation		4,757
Medical and Dental Services		165,839
Other Contracted Services		22,585
Drugs and Medical Supplies		23,712

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Food Preparation Supplies	\$	167,998	
Uniforms		6,578	
Other Supplies and Materials		77,412	
Other Charges		2,887	
Total Jail			\$ 1,252,833

Fire Prevention and Control

Contracts with Government Agencies	\$	1,500	
Total Fire Prevention and Control			1,500

Civil Defense

Supervisor/Director	\$	9,480	
In-service Training		2,176	
Social Security		725	
Unemployment Compensation		144	
Communication		3,941	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Equipment		4,382	
Maintenance and Repair Services - Office Equipment		15	
Maintenance and Repair Services - Vehicles		2,634	
Printing, Stationery, and Forms		80	
Rentals		3,170	
Diesel Fuel		886	
Food Preparation Supplies		77	
Gasoline		665	
Office Supplies		1,053	
Communication Equipment		3,533	
Surplus Equipment		8,000	
Other Equipment		8,800	
Other Capital Outlay		1,955	
Total Civil Defense			54,716

Other Emergency Management

Contributions	\$	212,500	
Total Other Emergency Management			212,500

Inspection and Regulation

Supervisor/Director	\$	494	
Social Security		38	
Total Inspection and Regulation			532

Public Health and WelfareLocal Health Center

Custodial Personnel	\$	13,715	
Other Salaries and Wages		7,903	
Social Security		1,654	
Unemployment Compensation		286	

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Communication	\$	3,027	
Dues and Memberships		200	
Maintenance Agreements		1,064	
Maintenance and Repair Services - Buildings		2,210	
Postal Charges		56	
Custodial Supplies		241	
Drugs and Medical Supplies		292	
Office Supplies		2,656	
Utilities		10,901	
Other Charges		8,776	
Building Construction		272,456	
Total Local Health Center			\$ 325,437

Ambulance/Emergency Medical Services

Supervisor/Director	\$	37,932	
Medical Personnel		874,285	
Paraprofessionals		6,000	
Longevity Pay		1,450	
Other Salaries and Wages		30,276	
In-service Training		506	
Social Security		69,477	
Pensions		70,640	
Medical Insurance		24,847	
Unemployment Compensation		5,639	
Communication		13,678	
Debt Collection Services		47,094	
Licenses		3,300	
Maintenance Agreements		3,114	
Maintenance and Repair Services - Vehicles		79,452	
Postal Charges		343	
Rentals		10,116	
Travel		2,836	
Diesel Fuel		37,626	
Drugs and Medical Supplies		66,271	
Electricity		9,900	
Office Supplies		2,928	
Tires and Tubes		8,493	
Uniforms		10,993	
Water and Sewer		3,230	
Other Supplies and Materials		7,849	
Building Improvements		54,994	
Communication Equipment		6,454	
Motor Vehicles		75,186	
Total Ambulance/Emergency Medical Services			1,564,909

Appropriation to State

Contracts with Government Agencies	\$	21,483	
Total Appropriation to State			21,483

(Continued)



## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and Welfare (Cont.)General Welfare Assistance

Contributions	\$ 6,000	
Total General Welfare Assistance		\$ 6,000

Other Local Welfare Services

Contributions	\$ 4,000	
Total Other Local Welfare Services		4,000

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$ 24,398	
Longevity Pay	150	
Social Security	1,728	
Pensions	2,381	
Medical Insurance	3,000	
Unemployment Compensation	144	
Communication	1,643	
Contracts with Other Public Agencies	2,061	
Contributions	13,000	
Travel	2,669	
Office Supplies	253	
Office Equipment	114	
Total Senior Citizens Assistance		51,541

Libraries

Assistant(s)	\$ 5,772	
Librarians	65,574	
Part-time Personnel	4,489	
Longevity Pay	1,450	
Social Security	4,925	
Pensions	6,400	
Medical Insurance	12,000	
Unemployment Compensation	729	
Communication	5,967	
Data Processing Services	3,113	
Maintenance and Repair Services - Buildings	1,786	
Maintenance and Repair Services - Office Equipment	2,051	
Postal Charges	416	
Travel	449	
Other Contracted Services	1,188	
Electricity	7,936	
Library Books/Media	14,985	
Office Supplies	1,551	
Periodicals	665	
Water and Sewer	282	
Other Supplies and Materials	393	
Other Charges	19,200	
Total Libraries		161,321

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	50,417	
Communication		1,725	
Contributions		7,290	
Travel		4,487	
Total Agricultural Extension Service			\$ 63,919

Soil Conservation

Supervisor/Director	\$	26,143	
Secretary(ies)		21,521	
Longevity Pay		1,150	
Other Salaries and Wages		7,464	
Social Security		4,064	
Pensions		5,170	
Medical Insurance		3,000	
Unemployment Compensation		422	
Communication		3,032	
Contributions		4,000	
Rentals		4,200	
Other Supplies and Materials		1,034	
Other Charges		62	
Office Equipment		489	
Total Soil Conservation			81,751

Other OperationsIndustrial Development

Other Salaries and Wages	\$	38,879	
Social Security		2,974	
Unemployment Compensation		288	
Electricity		10,741	
Water and Sewer		1,156	
Other Supplies and Materials		1,973	
Other Charges		7,255	
Other Construction		1,505	
Total Industrial Development			64,771

Other Economic and Community Development

Other Construction	\$	12,000	
Total Other Economic and Community Development			12,000

Veterans' Services

Supervisor/Director	\$	9,455	
Social Security		723	
Unemployment Compensation		144	
Communication		1,005	
Postal Charges		72	
Travel		42	
Office Equipment		99	
Total Veterans' Services			11,540

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)Other Charges

Medical Insurance	\$	5,389	
Other Contracted Services		5,000	
Building and Contents Insurance		22,662	
Liability Insurance		41,003	
Trustee's Commission		117,479	
Vehicle and Equipment Insurance		41,640	
Workers' Compensation Insurance		117,697	
Total Other Charges			\$ 350,870

Contributions to Other Agencies

Contributions	\$	1,738	
Total Contributions to Other Agencies			1,738

Miscellaneous

Audit Services	\$	9,357	
Contributions		45,000	
Maintenance Agreements		4,217	
Premiums on Corporate Surety Bonds		2,678	
Other Charges		17,534	
Total Miscellaneous			78,786

HighwaysLitter and Trash Collection

Guards	\$	30,169	
Longevity Pay		350	
Social Security		2,335	
Pensions		2,945	
Unemployment Compensation		144	
Gasoline		1,012	
Instructional Supplies and Materials		7,790	
Other Supplies and Materials		1,479	
Total Litter and Trash Collection			46,224

Total General Fund \$ 8,192,221

Courthouse and Jail Maintenance FundGeneral GovernmentCounty Buildings

Trustee's Commission	\$	15	
Total County Buildings			\$ 15

Total Courthouse and Jail Maintenance Fund 15

Law Library FundSocial, Cultural, and Recreational ServicesLibraries

Library Books/Media	\$	3,000	
Trustee's Commission		16	
Total Libraries			\$ 3,016

Total Law Library Fund 3,016

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Accountants/Bookkeepers	\$	12,900	
Equipment Operators - Light		191	
Attendants		214,930	
Longevity Pay		1,100	
Social Security		16,647	
Pensions		10,540	
Medical Insurance		8,731	
Unemployment Compensation		2,114	
Communication		569	
Maintenance and Repair Services - Vehicles		3,058	
Travel		73	
Disposal Fees		461,741	
Other Contracted Services		2,612	
Diesel Fuel		2,658	
Utilities		11,036	
Other Supplies and Materials		2,781	
Liability Insurance		9,396	
Trustee's Commission		13,102	
Vehicle and Equipment Insurance		11,960	
Workers' Compensation Insurance		20,165	
Solid Waste Equipment		41,013	
Total Sanitation Management			\$ 847,317

Recycling Center

Other Contracted Services	\$	3,771	
Total Recycling Center			3,771

Postclosure Care Costs

Other Contracted Services	\$	1,000	
Testing		16,876	
Total Postclosure Care Costs			17,876

Total Solid Waste/Sanitation Fund \$ 868,964

Drug Control FundPublic SafetyDrug Enforcement

Instructional Supplies and Materials	\$	4,917	
Law Enforcement Supplies		3,740	
Other Supplies and Materials		3,532	
Trustee's Commission		200	
Total Drug Enforcement			\$ 12,389

Total Drug Control Fund 12,389

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Sports and Recreation FundSocial, Cultural, and Recreational ServicesParks and Fair Boards

Supervisor/Director	\$	33,578	
Clerical Personnel		12,498	
Custodial Personnel		5,355	
Longevity Pay		450	
Social Security		3,861	
Pensions		3,337	
Medical Insurance		3,226	
Unemployment Compensation		449	
Communication		3,455	
Contributions		5,875	
Maintenance and Repair Services - Equipment		1,638	
Postal Charges		238	
Printing, Stationery, and Forms		180	
Travel		95	
Other Contracted Services		5,622	
Electricity		5,522	
Gasoline		1,277	
Other Supplies and Materials		1,462	
Trustee's Commission		2,595	
Vehicle and Equipment Insurance		4,271	
Other Charges		20,864	
Maintenance Equipment		1,568	
Office Equipment		275	
Other Equipment		218	
Other Construction		3,702	
Total Parks and Fair Boards			\$ 121,611

Total Sports and Recreation Fund \$ 121,611

Constitutional Officers - Fees FundFinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$	162,444	
Total County Trustee's Office			\$ 162,444

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	223,225	
Total County Clerk's Office			223,225

Administration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$	630	
Total Chancery Court			630

Total Constitutional Officers - Fees Fund 386,299

(Continued)

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	71,743	
Accountants/Bookkeepers		34,674	
Salary Supplements		300	
Secretary(ies)		10,460	
Social Security		8,778	
Pensions		10,415	
Medical Insurance		6,000	
Unemployment Compensation		393	
Data Processing Services		5,008	
Legal Notices, Recording, and Court Costs		655	
Postal Charges		279	
Travel		159	
Office Supplies		1,394	
Other Charges		6,299	
Total Administration			\$ 156,557

Highway and Bridge Maintenance

Salary Supplements	\$	24,350	
Foremen		96,158	
Equipment Operators		188,939	
Truck Drivers		152,753	
Laborers		203,279	
Social Security		47,412	
Pensions		63,007	
Medical Insurance		44,622	
Unemployment Compensation		5,510	
Rentals		3,020	
Asphalt - Cold Mix		6,005	
Asphalt - Hot Mix		748,714	
Crushed Stone		24,330	
Pipe - Metal		16,891	
Road Signs		3,458	
Small Tools		405	
Other Supplies and Materials		1,523	
Other Charges		4,970	
Total Highway and Bridge Maintenance			1,635,346

Operation and Maintenance of Equipment

Salary Supplements	\$	1,050	
Mechanic(s)		34,174	
Nightwatchmen		33,443	
Social Security		4,629	
Pensions		4,751	
Medical Insurance		9,000	
Unemployment Compensation		736	
Maintenance and Repair Services - Equipment		14,470	
Diesel Fuel		36,959	

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Electricity	\$	2,612	
Equipment and Machinery Parts		50,193	
Gasoline		27,081	
Lubricants		4,851	
Small Tools		931	
Tires and Tubes		11,646	
Other Supplies and Materials		2,946	
Total Operation and Maintenance of Equipment			\$ 239,472

Other Charges

Communication	\$	6,472	
Custodial Supplies		457	
Electricity		1,893	
Water and Sewer		516	
Trustee's Commission		29,562	
Vehicle and Equipment Insurance		85,422	
Workers' Compensation Insurance		120,054	
Other Self-insured Claims		460	
Other Charges		74	
Total Other Charges			244,910

Capital Outlay

Bridge Construction	\$	3,568	
Building Improvements		1,086	
Highway Equipment		34,100	
State Aid Projects		464,450	
Total Capital Outlay			503,204

Total Highway/Public Works Fund \$ 2,779,489

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	170,000	
Principal on Notes		142,515	
Total General Government			\$ 312,515

Education

Principal on Bonds	\$	1,370,000	
Total Education			1,370,000

Interest on DebtGeneral Government

Interest on Bonds	\$	69,880	
Interest on Notes		11,382	
Total General Government			81,262

(Continued)

## Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Bonds	\$	423,720	
Total Education			\$ 423,720
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	15,557	
Total General Government			15,557
<u>Education</u>			
Other Debt Service	\$	2,011	
Total Education			<u>2,011</u>
Total General Debt Service Fund			<u>\$ 2,205,065</u>
Total Governmental Funds - Primary Government			<u><u>\$ 14,569,069</u></u>



Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2017

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,259,344	
Career Ladder Program	59,905	
Career Ladder Extended Contracts	19,932	
Homebound Teachers	74,672	
Educational Assistants	271,109	
Bonus Payments	164,745	
Other Salaries and Wages	409,371	
Certified Substitute Teachers	1,855	
Social Security	538,862	
Pensions	830,303	
Life Insurance	5,273	
Medical Insurance	1,655,708	
Unemployment Compensation	698	
Employer Medicare	125,266	
Maintenance and Repair Services - Equipment	65	
Contracts for Substitute Teachers - Certified	57,496	
Contracts for Substitute Teachers - Non-certified	206,857	
Other Contracted Services	4,811	
Instructional Supplies and Materials	83,441	
Textbooks - Bound	225,553	
Other Charges	110,356	
Regular Instruction Equipment	650,887	
Total Regular Instruction Program		\$ 13,756,509

Alternative Instruction Program

Teachers	\$ 43,395	
Social Security	2,690	
Pensions	3,923	
Life Insurance	29	
Medical Insurance	3,480	
Unemployment Compensation	20	
Employer Medicare	629	
Other Supplies and Materials	537	
Total Alternative Instruction Program		54,703

Special Education Program

Teachers	\$ 767,032	
Career Ladder Program	8,992	
Homebound Teachers	16,387	
Educational Assistants	235,658	
Speech Pathologist	215,096	
Bonus Payments	17,000	
Other Salaries and Wages	20,975	
Social Security	72,652	
Pensions	115,437	
Life Insurance	605	

(Continued)

Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	179,031	
Unemployment Compensation		680	
Employer Medicare		18,636	
Contracts for Substitute Teachers - Certified		4,329	
Contracts for Substitute Teachers - Non-certified		243,646	
Other Contracted Services		228,120	
Instructional Supplies and Materials		7,795	
Other Supplies and Materials		9,190	
Other Charges		5,656	
Special Education Equipment		4,463	
Total Special Education Program			\$ 2,171,380

Career and Technical Education Program

Teachers	\$	738,223	
Career Ladder Program		6,000	
Other Salaries and Wages		25,995	
Social Security		44,226	
Pensions		69,622	
Life Insurance		434	
Medical Insurance		144,058	
Unemployment Compensation		320	
Employer Medicare		10,343	
Contracts for Substitute Teachers - Certified		7,390	
Contracts for Substitute Teachers - Non-certified		12,269	
Food Supplies		518	
Instructional Supplies and Materials		9,507	
T&I Construction Materials		5,492	
Other Supplies and Materials		1,560	
Other Charges		11,725	
Vocational Instruction Equipment		1,000	
Total Career and Technical Education Program			1,088,682

Student Body Education Program

Instructional Supplies and Materials	\$	33,010	
Total Student Body Education Program			33,010

Adult Education Program

Teachers	\$	43,010	
Other Salaries and Wages		41,305	
Social Security		4,682	
Pensions		7,920	
Life Insurance		29	
Medical Insurance		11,593	
Unemployment Compensation		40	
Employer Medicare		1,095	
Instructional Supplies and Materials		176	
Total Adult Education Program			109,850

(Continued)

## Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)Support ServicesAttendance

Supervisor/Director	\$	6,751	
Social Security		419	
Pensions		610	
Life Insurance		10	
Unemployment Compensation		18	
Employer Medicare		98	
Total Attendance			\$ 7,906

Health Services

Supervisor/Director	\$	47,735	
Medical Personnel		246,228	
Other Salaries and Wages		21,463	
Social Security		17,192	
Pensions		30,664	
Life Insurance		233	
Medical Insurance		70,678	
Unemployment Compensation		180	
Employer Medicare		4,024	
Travel		2,027	
Drugs and Medical Supplies		3,978	
Other Supplies and Materials		4,627	
In Service/Staff Development		2,448	
Total Health Services			451,477

Other Student Support

Career Ladder Program	\$	2,131	
Guidance Personnel		223,002	
School Resource Officer		62,012	
Other Salaries and Wages		53,065	
Social Security		15,847	
Pensions		25,531	
Life Insurance		118	
Medical Insurance		41,062	
Unemployment Compensation		120	
Employer Medicare		3,706	
Contracts with Government Agencies		22,740	
Evaluation and Testing		18,712	
Travel		602	
Other Supplies and Materials		753	
Total Other Student Support			469,401

Regular Instruction Program

Supervisor/Director	\$	81,576	
Career Ladder Program		3,500	
Librarians		214,643	
Other Salaries and Wages		11,852	

(Continued)

Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In-service Training	\$	880	
Social Security		18,738	
Pensions		27,418	
Life Insurance		147	
Medical Insurance		31,182	
Unemployment Compensation		142	
Employer Medicare		4,382	
Communication		3,839	
Travel		9,262	
Other Contracted Services		3,792	
Food Supplies		2,225	
Library Books/Media		4,062	
In Service/Staff Development		21,027	
Other Charges		9,536	
Total Regular Instruction Program			\$ 448,203

Special Education Program

Supervisor/Director	\$	34,947	
Career Ladder Program		1,000	
Clerical Personnel		19,458	
Other Salaries and Wages		65,016	
Social Security		7,146	
Pensions		11,026	
Life Insurance		56	
Medical Insurance		11,123	
Unemployment Compensation		40	
Employer Medicare		1,671	
Consultants		3,000	
Maintenance and Repair Services - Equipment		702	
Travel		11,476	
Other Contracted Services		26,851	
Other Supplies and Materials		877	
In Service/Staff Development		5,615	
Other Charges		1,223	
Total Special Education Program			201,227

Career and Technical Education Program

Supervisor/Director	\$	24,169	
Career Ladder Program		1,000	
Clerical Personnel		19,458	
Social Security		2,635	
Pensions		4,174	
Life Insurance		1	
Medical Insurance		2,110	
Unemployment Compensation		20	
Employer Medicare		616	

(Continued)

## Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Career and Technical Education Program (Cont.)

Travel	\$	2,205	
In Service/Staff Development		786	
Total Career and Technical Education Program			\$ 57,174

Technology

Supervisor/Director	\$	76,301	
Career Ladder Program		1,000	
Other Salaries and Wages		102,614	
Social Security		10,432	
Pensions		16,691	
Life Insurance		29	
Medical Insurance		11,418	
Unemployment Compensation		80	
Employer Medicare		2,440	
Maintenance and Repair Services - Equipment		9,936	
Travel		1,103	
Other Contracted Services		1,980	
In Service/Staff Development		1,128	
Other Equipment		29,705	
Total Technology			264,857

Other Programs

On-behalf Payments to OPEB	\$	112,005	
Total Other Programs			112,005

Board of Education

Other Salaries and Wages	\$	19,248	
Board and Committee Members Fees		26,500	
Social Security		2,666	
Pensions		3,904	
Employer Medicare		653	
Audit Services		11,975	
Dues and Memberships		19,872	
Legal Services		9,838	
Travel		14,537	
Liability Insurance		63,562	
Premiums on Corporate Surety Bonds		1,850	
Trustee's Commission		95,297	
Workers' Compensation Insurance		98,443	
Other Charges		1,812	
Total Board of Education			370,157

Director of Schools

County Official/Administrative Officer	\$	94,779	
Career Ladder Program		1,000	
Secretary(ies)		32,021	

(Continued)

Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Other Salaries and Wages	\$	39,816	
Social Security		10,084	
Pensions		15,670	
Life Insurance		29	
Medical Insurance		10,317	
Unemployment Compensation		60	
Employer Medicare		2,358	
Communication		13,801	
Dues and Memberships		2,000	
Postal Charges		4,274	
Travel		2,634	
Other Contracted Services		500	
Office Supplies		7,570	
In Service/Staff Development		5,198	
Other Charges		1,603	
Total Director of Schools			\$ 243,714

Office of the Principal

Principals	\$	463,562	
Career Ladder Program		4,000	
Assistant Principals		346,349	
Secretary(ies)		199,033	
Other Salaries and Wages		5,423	
Social Security		58,638	
Pensions		93,494	
Life Insurance		374	
Medical Insurance		148,843	
Unemployment Compensation		440	
Employer Medicare		13,714	
Communication		18,860	
Other Charges		99,221	
Total Office of the Principal			1,451,951

Operation of Plant

Custodial Personnel	\$	462,355	
Other Salaries and Wages		23,902	
Social Security		25,531	
Pensions		42,800	
Unemployment Compensation		400	
Employer Medicare		6,142	
Other Contracted Services		3,300	
Custodial Supplies		66,151	
Electricity		873,609	
Natural Gas		11,527	
Water and Sewer		68,100	
Other Supplies and Materials		24,992	
Building and Contents Insurance		63,562	
Total Operation of Plant			1,672,371

(Continued)

## Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant

Supervisor/Director	\$	65,322	
Other Salaries and Wages		214,658	
Social Security		16,285	
Pensions		26,655	
Life Insurance		29	
Medical Insurance		12,288	
Unemployment Compensation		160	
Employer Medicare		3,808	
Maintenance and Repair Services - Buildings		185,662	
Travel		541	
Other Supplies and Materials		1,625	
Other Charges		63,125	
Total Maintenance of Plant			\$ 590,158

Transportation

Bus Drivers	\$	130,242	
Other Salaries and Wages		85,729	
Social Security		11,582	
Pensions		12,086	
Unemployment Compensation		140	
Employer Medicare		2,710	
Contracts with Parents		63,637	
Contracts with Vehicle Owners		746,219	
Maintenance and Repair Services - Vehicles		61,136	
Medical and Dental Services		3,365	
Travel		28,648	
Diesel Fuel		56,454	
Gasoline		26,776	
Lubricants		4,400	
Tires and Tubes		17,847	
Vehicle and Equipment Insurance		63,562	
Transportation Equipment		252,450	
Total Transportation			1,566,983

Operation of Non-Instructional ServicesEarly Childhood Education

Teachers	\$	192,673	
Educational Assistants		79,283	
Other Salaries and Wages		26,252	
Certified Substitute Teachers		194	
Non-certified Substitute Teachers		7,212	
Social Security		16,436	
Pensions		25,430	
Life Insurance		86	
Medical Insurance		22,473	
Unemployment Compensation		180	

(Continued)

## Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Employer Medicare	\$	3,844	
Travel		1,876	
Food Supplies		1,465	
Instructional Supplies and Materials		22,191	
Other Supplies and Materials		20,795	
In Service/Staff Development		1,641	
Other Charges		4,307	
Total Early Childhood Education			\$ 426,338

Capital OutlayRegular Capital Outlay

Architects	\$	19,458	
Building Improvements		400,404	
Other Capital Outlay		102,354	
Total Regular Capital Outlay			522,216

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	700,000	
Total Education			700,000

Total General Purpose School Fund \$ 26,770,272

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	424,624	
Educational Assistants		288,268	
Bonus Payments		15,250	
Other Salaries and Wages		9,314	
Social Security		40,100	
Pensions		63,285	
Life Insurance		259	
Medical Insurance		64,047	
Unemployment Compensation		420	
Employer Medicare		10,147	
Tuition		6,153	
Contracts for Substitute Teachers - Certified		1,799	
Contracts for Substitute Teachers - Non-certified		20,352	
Instructional Supplies and Materials		157,736	
Regular Instruction Equipment		3,140	
Total Regular Instruction Program			\$ 1,104,894

Special Education Program

Homebound Teachers	\$	3,697	
Educational Assistants		280,931	

(Continued)



## Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Speech Pathologist	\$	52,336	
Bonus Payments		500	
Social Security		19,535	
Pensions		32,533	
Life Insurance		29	
Medical Insurance		6,522	
Unemployment Compensation		330	
Employer Medicare		4,577	
Contracts with Private Agencies		33,959	
Contracts for Substitute Teachers - Non-certified		38,160	
Instructional Supplies and Materials		19,551	
Other Supplies and Materials		1,270	
Other Charges		173	
Special Education Equipment		2,390	
Total Special Education Program			\$ 496,493

Career and Technical Education Program

Instructional Supplies and Materials	\$	3,417	
Other Supplies and Materials		5,039	
Vocational Instruction Equipment		41,128	
Total Career and Technical Education Program			49,584

Support ServicesHealth Services

Medical Personnel	\$	15,484	
Social Security		960	
Pensions		1,511	
Unemployment Compensation		20	
Employer Medicare		224	
Total Health Services			18,199

Other Student Support

Social Workers	\$	19,052	
Bonus Payments		1,000	
Other Salaries and Wages		21,267	
Social Security		2,308	
Pensions		4,032	
Unemployment Compensation		40	
Employer Medicare		540	
Travel		4,773	
In Service/Staff Development		11,841	
Other Charges		15,700	
Total Other Student Support			80,553

Regular Instruction Program

Supervisor/Director	\$	117,771	
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(Continued)

## Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Clerical Personnel	\$	26,879	
Bonus Payments		1,500	
Other Salaries and Wages		37,104	
Social Security		9,587	
Pensions		14,379	
Life Insurance		58	
Medical Insurance		13,045	
Unemployment Compensation		60	
Employer Medicare		2,603	
Travel		1,503	
Contracts for Substitute Teachers - Non-certified		2,418	
Library Books/Media		7,120	
Other Supplies and Materials		14,586	
In Service/Staff Development		31,822	
Other Charges		24,912	
Total Regular Instruction Program			\$ 305,347

Special Education Program

Clerical Personnel	\$	8,855	
In-service Training		8,016	
Social Security		1,046	
Pensions		1,476	
Employer Medicare		245	
Travel		5,171	
Other Contracted Services		155,089	
Other Supplies and Materials		4,505	
In Service/Staff Development		73,887	
Total Special Education Program			258,290

Transportation

Bus Drivers	\$	55,087	
Other Salaries and Wages		22,483	
Social Security		3,633	
Pensions		4,939	
Employer Medicare		1,063	
Total Transportation			87,205

Total School Federal Projects Fund \$ 2,400,565

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	39,705	
Clerical Personnel		1,757	
Cafeteria Personnel		596,788	
Bonus Payments		19,550	

(Continued)

Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	36,287	
Pensions		62,581	
Employer Medicare		8,503	
Communication		4,276	
Maintenance and Repair Services - Equipment		30,786	
Travel		1,990	
Other Contracted Services		63,514	
Food Preparation Supplies		80,452	
Food Supplies		844,963	
USDA - Commodities		168,636	
Workers' Compensation Insurance		17,560	
In Service/Staff Development		4,243	
Other Charges		47,990	
Food Service Equipment		25,882	
Total Food Service			<u>\$ 2,055,463</u>

Total Central Cafeteria Fund \$ 2,055,463

Total Governmental Funds - Grainger County School Department \$ 31,226,300

Exhibit J-9

Grainger County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 927,970
Total Cash Receipts	<u>\$ 927,970</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 918,690
Trustee's Commission	9,280
Total Cash Disbursements	<u>\$ 927,970</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2016	<u>0</u>
Cash Balance, June 30, 2017	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Grainger County Mayor and  
Board of County Commissioners  
Grainger County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Grainger County's basic financial statements, and have issued our report thereon dated December 12, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Grainger County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grainger County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grainger County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2017-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Grainger County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2017-001, 2017-003, 2017-004, 2017-005, and 2017-006.

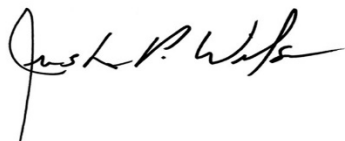
### **Grainger County's Responses to Findings**

Grainger County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Grainger County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grainger County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 12, 2017

JPW/sb



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control Over Compliance and on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

Grainger County Mayor and  
Board of County Commissioners  
Grainger County, Tennessee

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Grainger County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grainger County's major federal programs for the year ended June 30, 2017. Grainger County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Grainger County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part



200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grainger County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Grainger County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Grainger County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Grainger County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grainger County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grainger County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

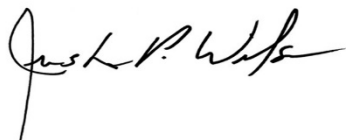
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Grainger County's basic financial statements. We issued our report thereon dated December 12, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 12, 2017

JPW/sb

Grainger County, Tennessee, and the Grainger County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2017

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (6)			
School Breakfast Program	10.553	N/A	\$ 418,089
National School Lunch Program	10.555	N/A	1,026,295 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (6)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	168,636 (5)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	4,383 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	9,350
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-1750598	2,371
Total U.S. Department of Agriculture			<u>\$ 1,629,124</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	53088	\$ 7,564
Total U.S. Department of Housing and Urban Development			<u>\$ 7,564</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(3)	\$ 13,299
Total U.S. Department of Transportation			<u>\$ 13,299</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,066,391
Special Education Cluster: (6)			
Special Education - Grants to States	84.027	N/A	1,054,515
Special Education - Preschool Grants	84.173	N/A	46,201
Career and Technical Education - Basic Grants to States	84.048	N/A	66,199
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	116,064
Rural Education	84.358	N/A	75,853
English Language Acquisition Grants	84.365	N/A	33,276
Improving Teacher Quality State Grants	84.367	N/A	182,594
Total U.S. Department of Education			<u>\$ 2,641,093</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Program for the Aging - Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044	(4)	\$ 7,154
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-1750598	601
Medical Assistance Program	93.778	GG-1750598	2,532
HIV Prevention Activities - Health Department Based	93.940	GG-1750598	55
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	GG-1750598	20
Maternal and Child Health Services Block Grants to States	93.994	GG-1750598	463
Passed-through State Department of Human Services:			
Child Care and Development Block Grant	93.575	G1601TNCCDF	49,979
Total U.S. Department of Health and Human Services			<u>\$ 60,804</u>
Total Expenditures of Federal Grants			<u>\$ 4,351,884</u>

(Continued)

Grainger County, Tennessee, and the Grainger County School Department (Cont.)  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
Health Department Programs - State Department of Health	N/A	GG-1750598	\$ 6,649
Public Health Nurses - State Department of Health	N/A	(4)	6,610
Health Department Addition - State Department of Health	N/A	(4)	300,000
Litter Program - State Department of Transportation	N/A	(4)	24,578
Waste Tire Grant - State Department of Environment and Conservation	N/A	(4)	5,740
Juvenile Service Program - State Commission on Children and Youth	N/A	(4)	9,000
Soil Conservation	N/A	(4)	521
State Aid Program - State Department of Transportation	N/A	(4)	489,182
Special Programs for the Aging - East Tennessee Human Resource Agency	N/A	(4)	6,732
Access to Health and Healthy Active Built Environments	N/A	(4)	10,000
Driver Education - State Department of Education		(4)	14,190
Family Resource Center - State Department of Education	N/A	(4)	29,612
ConnectTN - State Department of Education	N/A	(4)	9,491
Early Childhood Education Pilot Project - State Department of Education	N/A	(4)	426,338
Safe Schools Act Grant - State Department of Education	N/A	(4)	22,740
Coordinated School Health - State Department of Education	N/A	(4)	99,397
Total State Grants			<u>\$ 1,460,780</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Grainger County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Z-16-GHS135: \$6,895; Z-17-THS174: \$6,404.
- (4) Information Not Available.
- (5) Total for CFDA No. 10.555 is \$1,199,314.
- (6) Child Nutrition Cluster total \$1,617,403; Special Education Cluster total \$1,100,716.

Grainger County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2017

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Grainger County, Tennessee, for the year ended June 30, 2017.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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**OFFICE OF COUNTY MAYOR**

2016	175	2016-001	The Office does not have Written Policies Concerning the Collection and Sale of Recyclable Materials	N/A	Corrected
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**OFFICE OF DIRECTOR OF SCHOOLS**

2016	176	2016-002	The School Federal Projects Fund had a Cash Overdraft of \$98,707 at June 30, 2016	N/A	Corrected
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**OFFICE OF CLERK AND MASTER**

2016	176	2016-003	Special Commissioner Fees Exceeded the Percentage Authorized by State Statute	N/A	Corrected
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**OFFICE OF ASSESSOR OF PROPERTY**

2016	177	2016-004	The Assessor did not Maintain an Adequate Program of Sale Verification	N/A	Corrected
2016	178	2016-005	New Owners of Use Value Properties were not Required to File a New Application for Agricultural Property, Forest Property, or Designated Open Space Usage	N/A	Not Corrected - See Explanation on Corrective Action
2016	179	2016-006	The Assessor did not Properly Prorate Improvements and New Construction	N/A	Not Corrected - See Explanation on Corrective Action
2016	180	2016-007	Mobile Home Schedules were not Mailed to the Land Owner Where the Mobile Home was Located	N/A	Corrected

**OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

2016	180	2016-008	Duties were not Segregated Adequately	N/A	Corrected
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***Prior-year Federal Awards Findings***

There were no prior-year federal award findings to report.

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**GRAINGER COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Grainger County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553 and 10.555      Nutrition Cluster: School Breakfast Program, National School Lunch Program
  - \* CFDA Numbers: 84.027 and 84.173      Special Education Cluster: Special Education-Grants to States, Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit and the annual monitoring report performed by the state Division of Property Assessments for assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2017-001**

#### **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF USED AMBULANCES**

(Noncompliance Under *Government Auditing Standards*)

As a part of our audit procedures for determining whether the purchasing process was operating as designed, we selected as sample of 25 disbursements totaling \$248,532 from a population of 3,598 vendor checks totaling \$6,019,263. Our examination revealed that competitive bids were not solicited for two used ambulances at a total cost of \$47,000. Purchasing procedures for the County Mayor's Office are governed by Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*. These statutes require competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. Since the ambulances were used, Section 12-3-1202(b), *TCA*, provides that any county may purchase used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities from any private individual or entity without public advertisement and competitive bids as long as the purchasing government documents the general range of value of the purchased item through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser, and the price is not more than five percent higher than the highest value of the documented range. The County Mayor's Office provided us with an estimate of the value of the purchased ambulances obtained from an individual whom they perceived to be knowledgeable, but could not provide documentation that the individual was a licensed appraiser as required by the statute. This deficiency is due to a lack of management oversight. As a result, the best and lowest price may not have been obtained for the purchase of the ambulances.

#### **RECOMMENDATION**

All purchases should be made in compliance with applicable state statutes.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I concur with this finding. We will follow state statute for all future purchases.



## **OFFICE OF ROAD SUPERINTENDENT**

**FINDING 2017-002**

### **GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS IN THE HIGHWAY/PUBLIC WORKS FUND**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the Highway/Public Works Fund. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allows errors to remain undiscovered and uncorrected. This deficiency exists due to lack of management oversight.

### **RECOMMENDATION**

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors should be corrected promptly.

### **MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT**

We concur with this finding and plan to make the efforts to correct this finding. Payroll reports will be reconciled at the end of the month to make sure all deduction accounts reconcile.

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## **OFFICE OF ASSESSOR OF PROPERTY**

**FINDING 2017-003**

### **THE ASSESSOR DID NOT ADEQUATELY PERFORM VISUAL INSPECTIONS**

(Noncompliance Under *Government Auditing Standards*)

The assessor did not adequately perform visual inspections required to maintain accurate property record cards. Section 67-5-1601, *Tennessee Code Annotated*, requires the assessor to complete an on-site review of each parcel of real property over a five-year cycle. The review of property is reported to the state Division of Property Assessments. This deficiency can be attributed to the failure of management to maintain an adequate system of internal controls to ensure accurate reporting of on-site reviews. This deficiency resulted in inaccurate property records and affected the assessment of some properties.

### **RECOMMENDATION**

The assessor should institute quality control procedures to ensure consistent and accurate application of visual inspections.

#### MANAGEMENT'S RESPONSE – ASSESSOR (PARAPHRASED)

The majority of the issues concern wooden decks and sheds. Many of these are freestanding or on blocks and are around above ground pools. As a result, many were flagged as personal property. The parcels in question were rechecked and added or noted on the property cards as personal property. As of May 2017, we have Pictometry software, which will allow us to recheck some of the maps as decks and sheds can be quickly entered.

#### REBUTTAL – STATE DIVISION OF PROPERTY ASSESSMENTS

Wooden decks and sheds, including those on blocks and around pools, are in fact real property and should be measured and listed on the property cards. In addition, we discovered numerous home additions, mobile homes and new construction that were not picked up.

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#### FINDING 2017-004

#### **THE ASSESSOR DID NOT ADEQUATELY MAINTAIN ASSESSMENT MAPS**

(Noncompliance Under *Government Auditing Standards*)

The assessor did not adequately maintain assessment maps. During the monitoring of the assessor's mapping by the state Division of Property Assessments, errors were discovered. The majority of the errors involved improperly mapped parcels and improvements mismatched between the assessment maps and the property cards. Mapping procedures are outlined in the Division of Property Assessment's *Basic Mapping Manual*. This deficiency can be attributed to management's failure to follow proper mapping procedures and a lack of internal controls to ensure accurate assessments. These errors could result in the inaccurate assessment of properties.

#### RECOMMENDATION

The assessor should have an adequate system of internal controls to ensure properties are properly mapped for a fair and equitable assessment.

#### MANAGEMENT'S RESPONSE – ASSESSOR (PARAPHRASED)

I disagree with the finding. There are no mapping problems concerning mismatched improvements on our maps. I can view the map imagery from our map viewer but do not have the capacity to slide one third or more to adjust a parcel. As our maps are scanned for changes, the Nashville staff of the Division of Property Assessments have the ability to align parcels with improvements when necessary. The improvements on our cards match our maps.

## REBUTTAL – STATE DIVISION OF PROPERTY ASSESSMENTS

There appears to be a misunderstanding by the assessor concerning the mapping errors. The parcels in question have property lines running through improvements on existing parcels caused by improperly mapping. As a result, when new property splits are performed by the assessor they are also mapped incorrectly due to the original parcels they were split off from being incorrectly mapped. We have simply recommended to the assessor that he check any existing property lines before moving forward and correct any mapping errors. The software used by the assessor's office has the ability to properly place the improvements on the property map in its correct location. The Division of Property Assessments has offered to provide training to the assessor's office and has provided assistance on numerous occasions, including the correction of numerous property maps by the Nashville office.

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### FINDING 2017-005

#### **NEW OWNERS OF USE VALUE PROPERTIES WERE NOT REQUIRED TO FILE A NEW APPLICATION FOR AGRICULTURAL PROPERTY, FOREST PROPERTY, OR DESIGNATED OPEN SPACE USAGE**

(Noncompliance Under *Government Auditing Standards*)

As a result of our monitoring efforts, we noted the following deficiencies, which are the result of the failure of management to correct the deficiencies noted in the prior-year audit report:

- A. In 61 of 252 (24%) parcels tested, the assessor did not require new owners of property that had been previously qualified as agricultural, forest, or designated open space at the date of sale to file a new application in a timely manner to continue the agricultural (Greenbelt) classification as required by Section 67-5-1005(a)(1), *Tennessee Code Annotated (TCA)*, forest land classification as required by Section 67-5-1006, *TCA*, or designated open space classification as required by Section 67-5-1007, *TCA*. The statute further provides for the assessor to notify the new owners that the property is disqualified from receiving use value classification unless the new owners file an application within 30 days of such notification together with a late fee of \$50. This deficiency is the result of management's failure to properly comply with state statutes and could result in the loss of county revenue if property that no longer qualifies for use value classification is assessed at the lower use rate rather than at market value.
- B. The assessor did not properly compute rollback calculations on properties whose acreage or usage changed in 132 of 252 (52%) parcels tested. Section 67-5-1008(d)(1), *TCA*, requires the assessor to compute the amount of taxes saved by the difference in the present use and the value assessment for Greenbelt properties. This deficiency is the result of management's failure to properly comply with state statutes and will result in the loss of county tax revenue since the property no longer qualifies for Greenbelt classification.

## RECOMMENDATION

New owners of properties that qualified for use value assessment the previous year as agricultural should be required to file a new application in a timely manner. The failure to timely apply should result in disqualification and the assessment of rollback taxes as required by statute. Rollback calculations should be calculated properly.

## MANAGEMENT'S RESPONSE – ASSESSOR

We concur, although the numbers do seem a little high. The 2016 tax year was a reappraisal year and although the state Division of Property Assessments did provide some assistance to us with pricing, about two-thirds of the county was completed by my office, which consisted of myself, my deputy and a part-time field employee. Needless to say, we were overwhelmed. After seeing the number of errors in findings, we have decided to start sending both a letter and application to new owners as we work farm sales. Although this does not address the issue of combining properties on greenbelt, this should be a better system of assessing changes as we enter a calmer assessment year.

## FINDING 2017-006

### **THE ASSESSOR DID NOT PROPERLY PRORATE IMPROVEMENTS AND NEW CONSTRUCTION**

(Noncompliance Under *Government Auditing Standards*)

The assessor did not properly prorate improvements and new construction. Assessors are required to pick up new construction and improvements and to prorate their values for the portion of the year following their date of completion. Section 67-5-603(b)(1), *Tennessee Code Annotated*, provides that for the year in which an improvement or building is completed, the assessment, or increase in assessment, shall be prorated for the portion of the year following the date of its completion. This deficiency can be attributed to management's failure to properly comply with this statute and resulted in an incorrect assessed value on the affected properties, and management's failure to correct the deficiency noted in the prior-year audit report.

## RECOMMENDATION

The assessor should properly prorate new construction and improvements as required by state statute.

## MANAGEMENT'S RESPONSE – ASSESSOR (PARAPHRASED)

I disagree with the finding because it was based on the number of notice of completions filed with our office. We prorate improvements both by adjusting on the property card or by an official tax adjustments (OTA) if it is too late in the year. Most of the deficiencies noted on improvements are buildings that have been damaged or destroyed during the tax year. As to the deficiencies concerning new construction, most of these structures are picked up based on notice of completions and a few sales during the tax year. It is not uncommon to have more than one notice of completion on file for the same home as the various sub-contractors complete their piece of the project or for a notice of completion to be filed when

construction loans are due to be renewed. However, these filings do not actually mean the house is completed. In most cases I add the house on at full value for the next tax year if it is completed too late in the tax year to be added to the tax rolls. In addition, we have to adjust the tax assessment if the construction is added before completion. Sometimes it is impossible to tell if a home is completed, even if you are standing in the yard, unless you enter the structure.

#### REBUTTAL – STATE DIVISION OF PROPERTY ASSESSMENTS

The assessor has raised concern over the accuracy of using the notice of completions (NOC) as a basis of prorating the property taxes. Out of the 23 NOC's we reviewed in our sample, eight had the incorrect year built on the structure with none being added to the tax rolls in the current tax year. In addition, six of the 23 NOC's were sold prior to September 1 and listed 2016 as year built, however these properties were not added to the tax rolls and prorated as required by state statute.

The assessor has stated in his response that he normally adds the house on at full value for the next tax year if it is completed too late in the tax year to be added to the tax rolls. However, it appears to be the assessor's normal practice to add the home at full value in the period following completion which defeats the intent of the statute requiring proration and results in the loss of tax revenues for the county.

### **PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

**Grainger County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2017**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

2017-001	Competitive Bids were not Solicited for the Purchase of Used Ambulances	184
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**OFFICE OF ROAD SUPERINTENDENT**

2017-002	General Ledger Payroll Deduction Accounts were not Reconciled with Payroll Reports and Payments in the Highway/Public Works Fund	185
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**OFFICE OF ASSESSOR OF PROPERTY**

2017-003	The Assessor did not Adequately Perform Visual Inspections	186
2017-004	The Assessor did not Adequately Maintain Assessment Maps	186-187
2017-005	New Owners of Use Value Properties were not Required to File a New Application for Agricultural Property, Forest Property, or Designated Open Space Usage	187
2017-006	The Assessor did not Properly Prorate Improvements and New Construction	187-188

Telephone 865.828.3513  
Fax 865.828.4284  
Email: graingercomayor@frontiernet.net



8095 Rutledge Pike, Suite 100  
P.O. Box 126  
Rutledge, TN 37861

**Mark Hipsher**  
County Mayor

**Corrective Action Plan**

**FINDING:** Competitive Bids Were Not Solicited for The Purchase of  
Used Ambulances

**Response and Corrective Action Plan Prepared by:**  
Mark Hipsher Mayor

**Person Responsible for Implementing the Corrective Action:**  
Mark Hipsher Mayor

**Anticipated Completion Date of Corrective Action:**  
Date: 2017-2018

**Repeat Finding:**  
No

**Planned Corrective Action:**  
We will follow State Statutes for all future purchases

Signature: \_\_\_\_\_

*Mark Hipsher*



Grainger County Highway Department  
Jim Renfro, Road Superintendent  
PO Box 91  
Rutledge, Tennessee  
37861

**Corrective Action Plan**

**FINDING:2017-002      GENERAL      LEDGER      PAYROLL      DEDUCTION  
ACCOUNTS WERE NOT RECONCILED WITH PAYROLL  
REPORTS AND PAYMENT IN THE HIGHWAY/ PUBLIC  
WORKS FUND**

**Response and Corrective Action Plan Prepared by:**  
Haley Renfro – Bookkeeper

**Person Responsible for Implementing the Corrective Action:**  
Haley Renfro

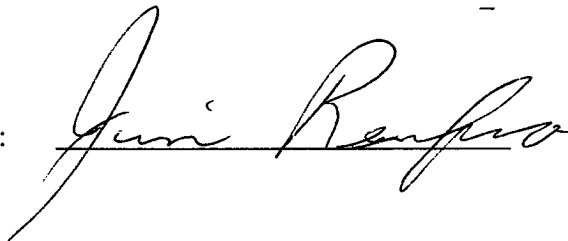
**Anticipated Completion Date of Corrective Action:**  
December 7, 2017

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**

**Planned Corrective Action:**  
The payroll reports will be reconciled on a monthly basis to make sure of reconciliation.

Signature:

A handwritten signature in black ink, appearing to read "Jim Renfro", is written over a horizontal line.

ASSESSOR OF PROPERTY  
GRAINGER COUNTY  
JOHNNY W. MORGAN  
P O BOX 82  
RUTLEDGE, TN. 37861

**Corrective Action Plan**

**FINDING: THE ASSESSOR DID NOT ADEQUATELY PERFORM  
VISUAL INSPECTIONS (GRAINGER)**

**Response and Corrective Action Plan Prepared by:**  
Johnny W. Morgan (Assessor of Property)

**Person Responsible for Implementing the Corrective Action:**  
Johnny W. Morgan (Assessor of Property)

**Anticipated Completion Date of Corrective Action:**  
2018

**Repeat Finding:**  
No

**Planned Corrective Action:**

Our office is currently working on procedures for our office to be consistent in our visual inspections. We now have a program provided by our 911 mapping department. This program has helped us tremendously with picking up improvement on all parcels.

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**FINDING: THE ASSESSOR DID NOT ADEQUATELY MAINTAIN  
ASSESSMENT MAPS (GRAINGER)**

**Response and Corrective Action Plan Prepared by:**  
Johnny W. Morgan (Assessor of Property)

**Person Responsible for Implementing the Corrective Action:**  
Johnny W. Morgan (Assessor of Property)

**Anticipated Completion Date of Corrective Action:**  
2018

**Repeat Finding:**  
No

**Planned Corrective Action:**

Our office does the best of our abilities in mapping. However, we are not currently a GIS county because our funds do not permit that program at this time. Therefore, mapping errors will sometimes occur beyond our control. We are ready and willing to accept any corrections from the state mapping department. We have worked with the regional office and state mapping departments when they provide our office with problems that we are able to correct.

**FINDING: NEW OWNERS OF USE VALUE PROPERTIES WERE NOT REQUIRED TO FILE A NEW APPLICATION FOR AGRICULTURAL PROPERTY, FOREST PROPERTY, OR DESIGNATED OPEN SPACE USAGE (GRAINGER)**

**Response and Corrective Action Plan Prepared by:**

Johnny W. Morgan (Assessor of Property)

**Person Responsible for Implementing the Corrective Action:**

Johnny W. Morgan (Assessor of Property)

**Anticipated Completion of Date of Corrective Action:**

2017/2018

**Repeat Finding:**

Yes

**Reason Corrective Action was not Taken in the Prior Year:**

We began correcting this once we were aware of the problem. It is an ongoing process.

**Planned Corrective Action:**

We are currently sending out greenbelt applications to new owners of agricultural properties when we receive the deed transfer. This is an ongoing process and we are currently working to do our best to achieve this.

**FINDING: THE ASSESSOR DID NOT PROPERLY PRORATE IMPROVEMENTS AND NEW CONSTRUCTION (GRAINGER)**

**Response and Corrective Action Plan Prepared by:**

Johnny W. Morgan (Assessor of Property)

**Person Responsible for Implementing the Corrective Action:**

Johnny W. Morgan (Assessor of Property)

**Anticipated Completion of Date of Corrective Action:**

2018

**Repeat Finding:**

Yes

**Reason Corrective Action was not Taken in the Prior Year:**

We have taken action when necessary with prorations.

**Planned Corrective Action:**

We prorate improvements both by adjusting on the property card and by an (OTA) if necessary during the current tax year. Our office picks up new construction based on notice of completions and a few sales during the tax year. We check 911 address assignments and notice of completions once they are filed. Our field person keeps a constant check on new construction.

**SIGNATURE:**A handwritten signature in cursive script, appearing to read "John W. Meyer", written over a horizontal line.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Grainger County.

### **GRAINGER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Grainger County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Grainger County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.